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Many Changes Seen
Heritage of Previous Regimes

BRIEFS

NEW OIL WELL--The new El Porvenir oil well in Chuquisaca Department will be inaugurated by Occidental Boliviana Inc this weekend. The well will start operating in August and will produce 8,000 barrels of petroleum condensate per day. [La Paz Radio Illimani Network in Spanish 1130 GMT 24 Feb 81 PY]

BIOMASS GASIFICATION UNITS--Three pilot biomass gasification units have been built on an experimental farm owned by the La Paz Regional Development Corporation. These units produced methane gas through a fermentation process. [La Paz PRESENCIA in Spanish 12 Feb 81 p 9 PY]

CSO: 3010

BRIEFS

NEW OIL, GAS DEPOSITS--Rio de Janeiro, 17 Feb (AFP)--Petrobras today reported the discovery of six new oil deposits on the continental shelf. Five of these deposits are located on the Campos Basin, near Rio de Janeiro, and the sixth one is located off the coast of Ceara State. Two of the new Campos deposits have a preliminary production of 2,080 barrels daily; the third, 650 barrels; the fourth, 1,430 barrels; the fifth, 2,000 barrels; and the Ceara deposit, 4,700 barrels. Petrobras officials also announced the discovery of a gas deposit in Santa Catarina State. [PY200212 Paris AFP in Spanish 1552 GMT 17 Feb 11]

CSO: 3010

BRIEFS

PETROLEUM PROSPECTING--The Panamanian Government is negotiating a \$6.5-million loan to promote petroleum prospecting on the isthmus. Experts will evaluate all previously obtained information. Panama will contribute \$1.5 million as counterpart to the World Bank loan. [Panama City CRITICA in Spanish 12 Feb 81 p 2 PA]

CSO: 3010

ARGENTINE-BRAZILIAN BILATERAL TRADE BENEFITS SURVEYED

Buenos Aires CONVICCION in Spanish 28 Jan 81 p 13

[Interview with Argentine ambassador to Brazil Oscar Camilion, by D.M. in Rio de Janeiro; date not given]

[Text] Clarity, realism, maturity. These should be the pivotal bases for the trade relations between Argentina and Brazil. This was what Ambassador Oscar Camilion assured us, in a special report for which he allowed our special correspondent in Rio time, although he is at the seaside to rest. Camilion provided very indicative and original figures in the course of the talk on the increasing benefits Brazil is obtaining in trade with Argentina. The diplomat takes an overall view. "Argentina," he says, "should make use of its negotiating capacity."

[Question] What is happening currently in trade relations between Argentina and Brazil?

[Answer] The most practical thing is to begin with figures, without limiting them solely to trade transactions. It would be well to analyze the whole status of bilateral movement. The trade balance figures complete up to October make it possible to project for December an imbalance in favor of Brazil of no less than \$250 million. It would be suitable to estimate Brazilian exports to Argentina at about \$1,050 billion and Argentine sales to Brazil at a total of about \$800 million. This suggests an increase in Brazilian sales of more than 50 percent in comparison to 1979, and a decrease in those of Argentina of about 10 percent. None of this, of course, includes the "invisible" purchases of tourists, which were very substantial, as the boom experienced by the Brazilian color television industry in the first half of 1980 shows.

[Question] What happened with the other balance of payments categories?

[Answer] Without a doubt they all favor Brazil, in practice. Provisionally, increasing Brazilian participation in the land freight market has been seen since 1979. It can be estimated that last year Brazil transported something over 60 percent of the land freight. The "travel" category has also been important for Brazil. It suffices to analyze the flights by Brazilian airline companies to Buenos Aires. Tourist expenditures, as is obvious, have revealed an impressive presence of Argentine citizens in Brazil, although a quantitative estimate is difficult. However a calculation placing the consumption of Brazilian tourist

services by Argentina last year at about \$300 million (not including purchases of goods or investments in property) cannot be deemed excessive. An extremely conservative estimate suggests that the overall current balance for last year will have come to about \$800 million in favor of Brazil. This is a figure I do not hesitate to term spectacular.

[Question] These are new figures. Can one establish a trend on this basis?

[Answer] The tourist phenomenon, with its contribution to the travel (ticket) category, began in 1979. The trade imbalance is a development of last year. Only in 1975, during the decade, did Argentina have an unfavorable balance with Brazil. It is necessary to note, of course, that the exchange has been showing a qualitative imbalance since the end of 1978. In 1979, the structure of Brazilian sales improved greatly. The diversification of Argentine exports was reduced in correlated fashion. I commented on these figures at the beginning of 1980, noting that Brazil had included more than 200 new products in trade, while Argentina had also reduced the range of its exports to Brazil by 200 products. But the trade balance was still favorable to our country by \$200 million in 1979, and the level of industrial sales was maintained. However, the trend was bad and it was easy to foresee the results visible today if no changes were made.

[Question] How can what occurred in 1980 be explained?

[Answer] If we limit trade transactions, the response must include a number of factors. One, above all, is structural. As is evident, countries sell what they produce if suitable trade conditions exist. The difference in the structures of the Argentine and Brazilian economies should cease to be reflected in their trade. But situational factors must be added to this. The devaluation of the cruzeiro at the end of 1979 was an incentive for exports and discouraged imports. As is evident. Also in 1980 there was a complex of Brazilian measures which did not facilitate certain sales by Argentina. Some of these measures were of general scope, such as the tax on financial operations, which comes to the same as a 15-percent charge on all imports. There was in addition a temporary quota applied to fresh fruits, sanitary requirements with regard to garlic, the effects of "Operation Turtle," implemented periodically by the CACEX [Foreign Trade Department] and the inhibiting effect of the intervention of such bodies as the CONSIDER [National Nonferrous Metals and Steel Council] where metallurgical sales were concerned. But the absence of wheat in Argentine operations at the end of the year and the disappearance of meat which was developing very dynamically in 1979 should in turn be stressed.

Inconvenient Measures

[Question] What is your view of these restrictive Brazilian measures?

[Answer] I have no doubt that the tax on financial operations would be difficult to defend within the system of the LAFTA [Latin American Free Trade Association], when it was in effect, or the LAIA [Latin American Integration Association], which succeeded it. With regard to the other measures (which although general in some cases apply in practice only to Argentina), I regard them above all as inconvenient, while bearing in mind the known difficulties Brazil has with its balance of

payments. When the figures also pertain to a specific country, Argentina in this case, it is not advisable tactically to apply restrictions. They naturally result in retaliation.

[Question] Do you as a result regard the countermeasures implemented by the Argentine government as suitable?

[Answer] I believe that this is a point on which it is not wise to undertake an analysis from a juridical angle nor to get into political considerations. When the figures are too far out of balance, it is obvious that something must be done. However this something should take practical effects into account. Argentina must defend its market in Brazil, in other words the fluidity of its exports. It would serve little purpose to implement a provision limiting Brazilian sales, which could be replaced by those of third countries, without solving the problem of Argentine exports to Brazil, which for their part cannot be obtained from third markets. The result would be to consolidate a negative figure in exports without correcting the import of taxed products of Brazilian origin.

[Question] Do these factors which you have mentioned complete the analysis?

[Answer] Of course not. The basic factor is the overvaluation or revaluation of the peso, as it is called. This is a point on which it seems childish to try to avoid reality. The desirability of having overvalued currency can be defended with theoretical arguments. What is not proper is to deny that it is overvalued (or revalued). In turn, if one wants the currency revalued (or overvalued), one cannot prevent exports from becoming more difficult and imports easier. One cannot attempt simultaneously to stimulate the financial market to obtain short-term advances while promoting exports. As is obvious, the same will occur in other categories, such as travel and tourism. The truth is that the current picture in Argentine-Brazilian trade relations began to come clear as of July of 1978, in other words as soon as Argentina decided to overvalue (or revalue) the peso. As an ambassador it is not for me to make a judgment on this direction in our foreign exchange policy. On the other hand, it is my duty to analyze its results in the realm of bilateral relations. I have done this publicly, detailing these effects in a number of reports to the Foreign Ministry, and in addition I have been dealing with the Brazilian authorities for at least a year in an effort to prevent the inevitable harmful effects which would come about in bilateral relations.

[Question] What are these effects?

[Answer] They are various. In the short run, it is inevitable that Argentine producers will attempt to defend themselves against the "invasion" of foreign products which block theirs from their own markets. The numerous cases of "anti-dumping" actions are as inevitable as they are a potential source of conflict. In addition, as is evident, these casuistic procedures have limited effects. It is not certain, moreover, that Brazilian, Korean or European exporters will decide overnight to engage in dumping with Argentina. A phenomenon of this sort can only be understood on the basis of explanations of a general nature, which in this case cannot be dissociated from the rate of exchange.

Subsidies and Priorities

[Question] But there is no doubt that Brazil subsidizes its exports.

[Answer] Not only its exports. The entire Brazilian economy is based on a system of subsidies as a function of the priorities established by the country. This is a fact in reality, preceding the oil crisis, which has only made the situation more acute with regard to the measures adopted to defend the situation of the foreign sector. But the truth is that prior to July 1978, this was a matter of indifference to Argentina. It is obvious, on the other hand, that any future relations with Brazil must be based on the fact that this country has its own policy. It would be childish to assume it will change it. Argentina must defend its role in Brazil on the basis of the reality of the Brazilian policy and, naturally, must remember that even in as bad a year as 1980, Brazil absorbed rather more than 10 percent of Argentina's exports, while Argentina purchased something less than 6 percent of Brazil's exports. The truth is that the atypical factor in Brazilian foreign trade has been Argentina, both with regard to the reduction of imports and the increase in exports. The extent to which Brazilian sales have increased is 30 percent (enormous). Argentine sales, on the other hand, increased, as we said, more than 30 percent.

[Question] How do you view the prospects for bilateral relations?

[Answer] I think that the point of departure must be a recognition of reality as it is. The worst thing is to try to evade this. Hope is based on recognition of reality. Nothing creates greater confusion than the tendency to conceal reality by means of false theoretical arguments or juridical doctrines based on an inaccurate reading of the existing norms. If the Itaipu-Corpus problem had been dealt with on the basis of ideological criteria or juridical formulae submitted to analysis (by third parties, for example), what would surely have happened would have been the following:

- a) Brazil would have ceased building Itaipu on the basis of the original plan, being unable to rely on any operational flexibility for the plant;
- b) Argentina would not have been able to build Corpus, at any point;
- c) Brazil would have been unable to contemplate filling the reservoir by making use of the Iguazu, in order to maintain a reasonable flow on the Parana;
- d) Rebuilding the Manday dam, which would have cost additional money and time, would have been indispensable;
- e) Brazil would have been unable to keep to the schedule for Itaipu, with the resulting losses; and
- f) Paraguay, also threatened, would certainly have had to accept the change in its frequency, with the resulting effects of this decision, and deterioration in its relations with Argentina.

Intransigent defense of formal juridical considerations would have led to this. It seems only too obvious that the alternative was a better choice, which in fact was adopted. This rational scheme should also be pursued in trade relations. In brief, I believe that at the present time Argentina should make use of its negotiating capacity (a result of the unusual contribution the Brazilian current account has made and continues to make) in order to ensure the elimination of the restrictions affecting its trade with Brazil. This is necessary and desirable in the long run. I stress that it serves no purpose to lose a certain market in this country if the door remains open for products from third countries to get in there. This would consolidate the loss of an export market while imports continue. It is necessary to negotiate in adult fashion, abandoning the idea that others are unaware of our real situation. For they understand it very well indeed. As to whether this reality of ours should change or not, that is a horse of another color. From the diplomatic point of view, what is needed is to achieve the greatest advantages possible thereby and to prevent unnecessary deterioration. It is also obvious, finally, that certain premises inevitably produce certain consequences. To rail against the facts is a rather immature attitude. The facts should be corrected, but any emotionalism in this regard serves only to worsen them when they are presented negatively.

[Question] Don't you believe that comments of this sort threaten the Argentine negotiating position?

[Answer] Absolutely not. I insist that the worst thing is to negotiate in the belief that the others "were born yesterday." On the contrary, it is on the basis of reality that favorable results are achieved, even under the most difficult conditions.

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CSO: 3010

BOLIVIA'S PARTICIPATION IN REGIONAL ECONOMIC PACTS EXAMINED

La Paz HO\ in Spanish 28 Jan 81 p 8

[Article by M. Eugenia Verastegui de Imon: "Bolivia and the Processes of Integration"]

[Text] It is undeniable that in recent times the countries in the process of development have sought mutual cooperation among themselves to overcome their problems together and to have a single voice in the consensus of nations. This is what has produced the need to negotiate integration and cooperation pacts enabling them to defend their interests against the developed countries.

On this basis, a number of integration and cooperation pacts in Latin America have emerged, such as the Plate River Basin Treaty, the Cartagena Agreement, the OLADE [Latin American Energy Organization], the Latin American Economic System (SELA), the Latin American Integration System (LAIA), the Amazon Cooperation Treaty, and others, whose general goals are to seek forms of harmonious development for the nations which comprise them, in the various areas of activity.

Because of its central geographic location, Bolivia is one of the countries on the continent which participate in the majority of the integration processes. Its privileged situation should without a doubt be intelligently utilized, because it has available to it various forums giving it an overall negotiating capacity, and in addition it must be borne in mind that through these bodies, it can have access to much broader forums which deal with problems in connection with a new international order.

In order to undertake harmonious development, the country needs to define a model which will enable it to use this geographic location, and in this way to make its presence felt within the international consensus. It is here that the alternatives offered by the Latin American integration processes emerge. In addition, it is necessary to define national goals in order to carry forward development through the utilization of natural resources and transport routes, both lake and land. This must necessarily be achieved through the Plate River Basin and Amazon Cooperation Treaties.

Another aspect of the greatest importance is the expansion of its domestic market, through the diversification of its exports within the plans related to a Latin American common market, as is the case with the new LAIA.

It must be stressed that to Bolivia's inability to achieve autonomous development, due mainly to its lack of territorial integration and the unfavorable existing ratio between its population and its territorial area, must be added its limited market. These are factors which prevent planning individual development, for which reason it must necessarily choose a scheme allowing joint development within the existing cooperation and integration agreements.

The General Integration Secretariat drafted a report on the situation related to the integration and cooperation processes and Bolivia's participation for the last business year.

It can be concluded from these documents that the year 1980 was characterized by major advances achieved by the country in the various integration processes.

The LAIA

In relation to the reorganization of the mechanisms of the LAFTA, leading to the establishment of the LAIA, more flexible and pragmatic tools will allow Bolivia to alter the results of its role in the near future, obtaining benefits in the trade sector to the extent that it is possible to make use of the open market mechanisms, based on special treatment as a country with more limited relative economic development. In addition, this treaty will make it possible to establish joint industrial enterprises with Latin American technology and capital and production oriented toward broadened markets.

Cartagena Agreement

The withdrawal of Bolivia from the Cartagena Agreement due to questions of a political nature should be regarded as temporary, and without permanent policy implications. It should be made clear that the Andean Pact as such is experiencing a period of crisis in which a series of problems is arising in connection with the achievement of its goals within the periods established, such that at present there is an obstacle in the path of redirecting this process, from which Bolivia has withdrawn temporarily but may return at such time as this system is depoliticized and the attacks on its domestic policy cease.

It can be said that this interval of nonparticipation by Bolivia in the Andean Pact mechanisms may contribute to the reorientation of the country's participation and the drafting of a clearly defined policy as to the role the external variable of integration and cooperation should play in national development.

However, there are positive aspects to these problems of a political nature which should be stressed, such as:

The substantial increase in Bolivian exports to the Andean group countries, in which manufactured products with high levels of added value predominate. Tacit evidence of this is seen in the fact that while sales to this market came to about \$23 million in 1979, they reached a total of \$50 million in 1980, with the expectation that they will reach \$80 million in 1981. From this it can be concluded that the Andean group nations are currently the main market for Bolivian industrial exports.

Also, the projects assigned to Bolivia, among which we might mention those involving the metal-mechanical and automotive industries, are beginning to yield positive results. The development of automobile parts suppliers for the ENAUTO plant in Cochabamba represents the launching of a scheme of great dynamism, to the extent that the joint negotiations planned on the Andean level for basic components in substantial volumes for export have been completed.

In the financial sector, the continuing support of the Andean Development Corporation, providing credit for the financing of major projects in both the public and private sectors, stands out. The Andean Reserve Fund has also made its contribution, through credit in support of the balance of payments.

The Andean group also contributed, with technical aid projects channeled toward the promotion of exports, increasing the domestic supply of exportable goods, the training of skilled personnel through the Metal-Mechanics and Automotive Development Center (CEBIMA) and the Andean Foundry Center. Also we could mention the technological development programs involving the hydro-metallurgy of copper, tropical timber and the food industry in which Bolivia has participated, while a farm technology program is being prepared.

Amazon Cooperation Treaty

With the implementation of this treaty at the meeting in Belem, Para, Brazil, new prospects were opened up for the country. They should be utilized to develop joint projects for the rational exploitation of natural resources, with the required ecological balance, the designing of a river infrastructure and other important aspects having to do with the development of the Bolivian Amazon region, and having regional repercussions for the departments of Beni and Pando, the northern part of La Paz, Cochabamba and Santa Cruz.

Plate River Basin Treaty

During the meeting of foreign ministers of Plate River Basin Treaty member countries last year, Bolivia won approval of six resolutions declared as of priority interest to the Plate River Basin, as well as a number of other national development projects, including the building of the Puerto Busch port infrastructure, the improvement of navigability on the Corumba-Asuncion sector of the Paraguay River, the interlinking of the national main highway network with the highway networks of Argentina and Paraguay, and the economic development of the Bermejo and Pilcomayo Rivers.

To summarize, we can say that within the cooperation and integration agreements, Bolivia will achieve major advances in its development, which it could not achieve alone, due to various factors having to do with its economy, to which are added its domestic geographic characteristics and lack of integration. Therefore an intelligent utilization of the contributions made available to it by the various integration and cooperation systems can provide an important means for its integral increase in strength and development, such as to decrease the existing regional disparities.

ISRAELI ARMS SALES TO LATIN AMERICA DESCRIBED AS 'MYSTERY'

Mexico City EL SOL DE MEXICO in Spanish 30 Dec 80 p 6-A

[Text] Jerusalem, 29 Dec (AFP)--The visit to Israel by Gen Luis Carlos Camacho, Colombian minister of national defense, to be followed by another by the Mexican minister of national defense, has again generated speculation concerning the sale of [Israeli-made] Kfir fighter-bombers in Latin America.

Israel's sale of arms abroad officially totaled \$750 million in 1980 but, generally speaking, the most complete mystery surrounds this type of business.

The Colombian defense minister, who reached Israel last Friday for an official 1-week visit, avoided referring to the possible purchase of Kfir aircraft for his country.

"I did not come here to do business," he stated at the conclusion of his meeting with Israel's head of government, Menachem Begin, who is now the acting defense minister.

Despite these statements, rumors persist regarding a sizable sales agreement involving Kfir planes for Colombia.

The schedule of Gen Luis Carlos Camacho, official guest of Israel's deputy defense minister, called for meetings with the Israeli chief of staff and visits to air force bases and Israeli aircraft enterprises.

Israel has had its eyes on the South American market for some time now.

The streets of Managua resemble those of Jerusalem. Everywhere one can see Israeli military equipment. Even the berets are "made in Israel," a press correspondent in Nicaragua wrote more than a year ago.

The same items were sold to Costa Rica, Nicaragua's neighbor and rival.

Three years ago Israel sold 26 Mirage aircraft to Argentina.

In the past few days there has also been talk--without additional details--of a Kfir sales agreement with Guatemala.

On its part, Ecuador cancelled a short while ago a duly signed agreement to purchase Kfir aircraft.

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INTER-AMERICAN AFFAIRS

BRIEFS

VENEZUELA RECEIVES SALVADORAN REFUGEES--As a result of the resignation of the Salvadoran ambassador in Nicaragua, the Salvadoran Government asked the Venezuelan Government to take charge of the refugees in its embassy in Managua. At 1400 today, 12 refugees were turned over to the Venezuelan diplomats in Nicaragua. The refugees were directly received by Ambassador Rafael Diaz Blanco. Carlos Colmenares, press attache of the Venezuelan Embassy, will read a communique issued by the Venezuelan Embassy: [Begin recording] The Venezuelan Embassy in Nicaragua informs the public that on 17 January 1981, the Government of the sister Republic of El Salvador asked our government to temporarily take charge of the political refugees in its embassy. The Venezuelan Government, bearing in mind the precarious situation in which the political refugees temporarily find themselves and in view that human rights, particularly the right to asylum, and everything that contributes to the effective exercise of those rights has been a fundamental objective of our foreign policy, has decided to accept the political refugees until there are normal conditions in the Salvadoran Embassy in Nicaragua. In this way, the Venezuelan Government contributes to the effective exercise of inalienable human rights, particularly the right of asylum. Managua, 22 January 1981. [end recording] [Text] [PA231558 Managua Radio Sandino in Spanish 0300 GMT 23 Jan 81]

CSO: 3010

ABSENCE OF AMBASSADOR AT NOBEL CEREMONY TERMED POLITICAL ERROR

Buenos Aires LA NACION in Spanish 16 Dec 80 p 5

[Article by LA NACION Paris correspondent Luis Mario Bello: "Both a Diplomatic and Political Error?"]

[Text] Paris, 15 Dec--European opinion--that of Western Europe, of course--is showing interest in the subject of human rights. People are reading the newspaper, listening to the radio and watching television programs. Questions lead to interpretations and interpretations to pronouncements. Daily airing of the subject by the mass media has been noted and it would be unwise to ignore the subject completely.

Last week in Oslo we attended the awarding of the Nobel Peace Prize to Argentine citizen Adolfo Perez Esquivel. The corresponding news story was a prompt report of what was seen and heard. By its very nature it omitted certain information on the cordial temperament of public opinion and the attitude of the press.

It would now seem opportune to add elements to complete the story and make the picture more easily understood. It is not particularly important to mention the congratulatory message from President Carter delivered by the U.S. ambassador in Oslo on the afternoon that the new Nobel Prize recipient received a check for 880,000 Norwegian kroner. It is more important, we believe, to report certain omissions to which attention was called by the newspapers of Oslo, Copenhagen, Stockholm and Paris and by Sweden's radio stations.

Instructions From Buenos Aires

In fact, special pains were taken to point out the absence of Argentine diplomatic representatives from the ceremony. That detail served as a headline on the front page of a Copenhagen newspaper. The AFTENPOSTEN--Norway's most influential newspaper--went further, adding that the only Latin American journalist present at the assembly hall of the University of Oslo had been LA NACION's Paris correspondent and describing LA NACION on "the major Argentine independent newspaper."

It is logical to think that the absence of our ambassador at Oslo may have been both a diplomatic and political error. The case involved following instructions from Buenos Aires, and of course we should say that we are in no way questioning the effective task of rapprochement carried out between the two countries up to now by Ambassador Juan Carlos Vignaud.

The attitude taken, perhaps due to its singularity, has been the subject of newspaper commentaries. The Nobel committee has explained why it granted the prize to Perez Esquivel. The motivation might be subject to question in certain Buenos Aires circles, but there was no intention to offend or interfere in the country's domestic affairs.

The Best Explanation

In this respect, greater significance must be attached to the discussions and analyses carried out at the United Nations, OAS and UNESCO, and yet Argentina has not been absent or withdrawn from those international organizations. Dialog or calm discussion will provide a better clarification of the events.

In any case, Adolfo Perez Esquivel has already visited several European capitals and expressed his desire to serve a cause involving nonviolent action. It is probable that on 17 January Pope John Paul II will grant the winner of the 1980 Nobel Peace Prize an audience. It would appear very curious to international opinion--if the omission is noted--for an Argentine official and winner of a Nobel Peace Prize to turn out to be a stranger in his own country.

It would indeed be very curious, especially since Perez Esquivel wants to chat in Buenos Aires with worthy individuals, according to what he told us in Paris and Oslo. As a matter of fact, a very high political price is being paid for the omissions noted.

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CSO: 3010

NATIONAL POLITICAL COLUMN REVIEWS PROGRESS OF DIALOG

Buenos Aires LA NACION in Spanish 29 Jan 81 p 8

[Text] Results of the First Stage

The first stage of the dialog called for in the Political Bases of the Armed Forces for the National Reorganization Process unfolded in 1980. We know that in December 1979, a little more than a year ago, the Military Junta decided to begin the stage of political and institutional normalization. To this end it formulated the Political Bases, which, in turn, are made up of the Doctrinary Bases, the Program Bases and the Instrumental Bases. These bases stipulate the characteristics that our country ought to manifest in the coming years in terms of political, economic and social organization.

As the interior minister conceded in a speech to the mayors, the Armed Forces are not unaware that the bases constitute a unilateral proposal. Hence the need to hold talks with whom we might call (using somewhat antiquated language) community leaders or, more precisely, persons involved in political, economic, cultural, scientific and spiritual matters.

Goal of Dialog

Thus, the Armed Forces hoped that the dialog would help to transform the proposal contained in the Political Bases and in each one of the Doctrinary, Program and Instrumental Bases into principles shared by all Argentines or at least a majority of the persons consulted. A direct referendum or plebiscite, as in Chile or Uruguay, is not, in point of fact, envisioned.

The bases are relatively extensive (more than 20 book pages) and, therefore, cover a wide range of issues. The Armed Forces were especially interested in a number of them. First of all, they wanted to find out what the individuals consulted thought about the way in which the struggle against terrorism had been handled. A second sensitive issue is the institutionalization of the Armed Forces in future constitutional governments. Another particularly important issue is a possible amending of the National Constitution in connection with its instrumental aspects, inasmuch as its preamble and the section on rights and guarantees "are a doctrinary creed and a source of permanent inspiration for the process," reads the text of the Instrumental Bases for Political Action.

Finally, another key question is the future organization of political parties, which will be taken up during the next stage of the political and institutional realization.

Results of the Dialog

As is widely known, the interior minister, retired Maj Gen Albano Harguindeguy, was entrusted with responsibility for the dialog. Over the 9 months that it lasted (the dialog was launched in March 1980) the minister held 53 meetings with 202 individuals. Ministry statisticians describe 69 of them as politicians, while 87 are involved in intermediate organizations, and 46 either are connected with other kinds of organizations or hold no indirect representative positions. We must stress this point of indirect representation, because in no instance were these figures invited to the dialog as representatives of entities, but rather as individuals, in and of their own right, to put it legalistically.

There was a dual advantage to this. First, it did not violate the freeze on political activities (a freeze that would have been inconsistent with a markedly political dialog) and second it allowed the minister to go over the heads of the legal representatives of various entities, especially political parties and the Peronist Party in particular, by summoning lower-level politicians to the talks. A similar thing happened with trade union leaders, whose organizations are prohibited from getting involved in politics.

We should also mention that very few individuals chose to eschew the dialog. Among them were the members of the Christian revolutionary group headed by Enrique de Vedia.

The Struggle Against Terrorism

In connection with the main issues we have mentioned and according to accounts heard in the Interior Ministry, the unanimous view regarding the antiterrorist struggle is that there was a "state of need" prompted by the terrorists themselves and that turned out to be a dirty war, as it was aptly described, and that like all wars it gave rise to a number of situations in which the just atoned for the sinners. Almost all of the individuals consulted were of the opinion that some sort of solution had to be found to put an end to the thorny problem of missing persons. Someone suggested a sort of "whitewashing" as was done after the Spanish Civil War, whereby totally truthful accounts were not always given as to the way in which each victim died. Under this procedure, many of them were shifted from the hazy category of the missing to that of the dead. In our war against subversion there have been many cases of allegedly missing persons who have convincingly demonstrated that they managed to survive in the underground or overseas.

The Constitutional Reform and the Role of the Armed Forces

Several of those consulted were opposed to any amending of the constitution that was not carried out in accordance with the methods that the constitution itself

stipulates. Other more pragmatic individuals lean towards certain provisional amendments, such as the appointment of a prime minister, which was Americo Ghioldi's suggestion.

With regard to the delicate issue of the institutionalization of the Armed Forces, we should note that Minister Harguindeguy has made it clear that this expression in no way means that the military wants to control the other branches of power. The minister ruled out anything of the sort (and we would emphasize that his clarification came long before the referendum in Uruguay). The aim of institutionalizing the Armed Forces is to make certain that they will be consulted in any future decisionmaking connected with strategic leadership, security and the defense of the National Constitution and that the methods to accomplish this are established.

Most of those consulted feel that the military will make its opinions known through its three cabinet ministers. In this regard, the prevailing idea is that these ministers ought to be the commanders in chief of the branches. This would eliminate the frequent disputes between military secretaries or ministers and the commanders. More importantly, the system of designating the commanders in chief would take away the latitude of future presidents in this regard.

The proposals in this connection do not end here. Others voiced the view that the opinions of the military would be taken into account in a security council of which they would be a part and which could be divided into internal and external sections. They would also sit on a development council that others proposed.

Several individuals, such as Jose Antonio Allende, are of the opinion that consultation with the Armed Forces is part of a much broader issue: the vital and essential role that intermediate organizations ought to play in a democracy. Their meager strength in our country, with the exception of the military and the Church, results in an accentuated centralism, which is at odds with the pluralism that is characteristic of democracies. One proposal for giving a greater voice to the shackled intermediate organizations was to again bring up the idea of the social and economic council, of which the universities, among other institutions, would be part.

Reorganizing the Political Parties

This is a fundamental issue in the political normalization stage. The next step is, in fact, to promulgate a statute for the parties.

The bases repeatedly talk of "major parties" on both the national and provincial levels. They must insure "a real and effective internal democracy," thus staving off one-person domination. They must also support without reservations the fundamental principles of the constitution. Totalitarian ideologies and goals such as the class struggle, the collective ownership of the means of production and the glorification of individual leaders are completely ruled out. The participants in the dialog expressed agreement with these general principles. The politicians who met with the minister allegedly said that they would need

1 or 2 years to adapt to the statute that will be promulgated this year, since according to the military timetable, 1981 is the year of the political party statute.

This logically ties in with the issue of elections. The people in the Interior Ministry who have compiled and summarized the responses assert that the major parties advocate general elections while the small parties are more gradualist, suggesting that municipal elections be held first. Some feel that congressmen ought to be elected first, as established in the constitution. Thus, one-third of the Senate would be elected by the legislatures of each province (which would have to be elected beforehand), and the remaining two-thirds...would be simply handpicked by the governor appointed by the president, who only then would be succeeded by one chosen in provincial elections.

Next Steps

We have already mentioned that the next step is the approval of the political party statute. Immediately thereafter will come the reorganization of the parties and the process of adapting themselves to the new system. Following this is the so-called "intensification of the dialog" stage. This will "comprise basic efforts to broaden common ground with social, cultural, economic and spiritual sectors and with the authorities of the political parties that emerge from the new legal system, in order to assure the success of the Process, consolidate the republic and lend stability to the democratic way of life," as the Instrumental Bases for Political Action state.

8743

CSO: 3010

DAILY FAVORS U.S. HAVING NEUTRON BOMB

PY240028 Buenos Aires LA NACION in Spanish 22 Feb 81 p 8

[Text] The U.S. Secretary of Defense has firmly expressed his opinion that his country should resume the construction program of the neutron bomb, an extraordinarily powerful defensive weapon considered as the only effective obstacle to hold back a Soviet attack in Europe.

In a speech made to the Armed Forces Committee of the Senate on 28 January, Caspar Weinberger said that the defense budgets for the fiscal years 1981 and 1982, submitted to Congress by the Carter Administration, are "insufficient." In the speech he also stressed the urgent need for full strategic nuclear deterrent to prevent the United States and its allies from having to face the specter of a worldwide struggle. He also promised to manage the rearmament of the country according to sound business methods.

The subject calls for an analysis from various points of view, since there are contradictory aspects to it. On the one hand, Mr Reagan proclaimed that it would be a policy of his administration to reduce budget expenditures and the burdens on the taxpayers, which he judged were too heavy. On the other hand, against this criterion stands another, also upheld by President Reagan during his electoral campaign, which maintains that it is essential to strengthen the defense of the United States in view of the growing arming of the Soviet Union and its constant bids for hegemony. It will naturally be inevitable to spend more, much more, on arms, if a policy of better prevention and deterrence is to be implemented.

Another contradictory point could be the decision to withdraw within the borders of the nation to promote a disarmament process because of its ethical values. That would be highly unrealistic. It would be a tragic error to fall for the deceitful Soviet declarations and give way to the pressures of open or inadvertent Soviet agents who clamor for the disarmament of the democratic countries. The experience of all that has been happening in this century since World War I shows that the Soviet Union and its followers have not stopped their warlike preparations to any appreciable measure whatever. It has as strong a determination as ever to conquer points for support of its deployments and it has not withdrawn its support of Cubans and Ethiopians who continue their activities as "condottiere" at the service of implanting Marxism.

The events of 1938 show with sufficient clarity the risks of candidly accepting the vague promises of totalitarians. The United States, the foremost power of the world, should therefore not allow itself to be ingenuous. The campaign which is being waged against the neutron bomb is evidence that it is really effective as a factor of deterrence and of the intention of self-defense. It is not a question of asking for more and better arms in a purely warlike spirit, but rather of making this request in order to face a reality which only the blind can fail to see. It would be suicide not to accept all that contributes to the strengthening of the democratic nations in order to enable them to negotiate successfully from a strong position.

Failure to do so will inevitably lead to a loss of opportunities, a running of risks which could be avoided, a breach of the duty to preserve unharmed a way of life to whose maintenance those democratic nations--and, most particularly, those forming the NATO--democratic nations--are committed. And this is something which should not be put aside by the European nations which are regrettably close to falling into the Soviet trap. While believing that they are overcoming dangerous situations they are going toward others which are more threatening to their very existence.

CSO: 3010

'LA PRENSA' LAUDS REAGAN ECONOMIC SPEECH

PY242254 Buenos Aires LA PRENSA in Spanish 23 Feb 81 p 4

[Editorial: "Sincere, Bold and Sensible"]

[Excerpt] The way in which the general guidelines of President Reagan's economic plan was disclosed did not diminish the impact that it had on the U.S. public opinion and international financial circles. Although the speech in which President Reagan announced his economic plan to the U.S. Congress was described as "audacious, radical and ambitious" by some and "dangerous" by his adversaries, it was accepted as a "sincere and courageous" program by the majority of the people.

Perhaps these two latter adjectives are the best suitable to describe the real meaning of the speech. In essence, the speech that depicted the difficult economic situation that the United States is experiencing was sincere and factual. In his 5 February speech President Reagan told the people that inflation, unemployment, high government spending and expensive social assistance programs have plunged the country into one of its most critical periods since the "Great Depression." The measures proposed to overcome this serious situation were also courageous and forceful. In essence they can be summarized in two main measures: decrease government spending and lighten the tax burden. In this regard he stated, with plenty of reason, that: "The taxing power of government must be used to provide revenues for legitimate government purposes. It must not be used to regulate the economy or bring about social change. We've tried that and surely must be able to see that it doesn't work."

Every piece of oratory usually supplies an observer with two options to be studied: One of them is what is stated and the other--probably the most useful one--that which is deliberately left out. There was something certainly omitted in the presidential speech: The absolute lack of easy and happy promises; the lack of demagoguery. "It will take time--he warned, noting the sacrifices that lie ahead--for the favorable effects of our proposal to be felt," but because of this he stressed the need to start action immediately. This omission particularly draws the attention of Argentines and all Latin Americans whose ears are used to rhetorical sirens' songs of off-hand proposals and easy solutions for their unbearable economic problems. It is not pointless to insist on this acute contrast that should be readily assimilated by our leaders or those who are aspiring to be our leaders. Veracity--and the courage needed not to disguise it however harsh it may be--is perhaps Reagan's greatest virtue.

But being sincere does not mean that one has a pessimistic attitude at all. The U.S. President stressed: "I have painted a grim picture, but I believe I have painted it accurately. It is within our power to change this picture and we can act in hope." It seems however that pessimism and fear are the last redoubt of those who criticize the government program. They fear that the cuts in government spending will erode the social assistance programs that derive from government legislation that dates back several decades. They also fear that the relief that a contributor will obtain from a cut in taxes will result in a new inflation factor since it will cause a greater demand for goods and services from consumers who benefit from this measure. The fallacy of these two suppositions is so obvious that there is no need for any further analysis. A cut in government expenses will result in a decrease in the inflation rate and easing the taxpayer's burden will enable him to increase his investment capability in goods producing enterprises; and as more of these investors come in the market, there will be a consequent decrease in the inflation rate. Moreover, government social programs can be supported only when the state has genuine resources to do so. Otherwise they become real inflation factors, which is precisely the evil that needs to be eradicated.

These, surely, are the sacrifices which President Reagan's program requires. There would be no chance of stabilizing an economy in a crisis without this amount of necessary restrictions. One only emerges from poverty with determination, effort and hardship. To hope that prosperity merely emerges from poverty is to go back to the days of delirious dreaming of Lord Keynes' followers but those days have been superseded by the experience history has given us and by the unquestionable reality of economic phenomena.

In sum, what can be said about the speech we are discussing is that in addition to being sincere and bold it is, above all, sensible. Paradoxically, the senseless are those who, due to inadmissible inertia, unhesitatingly oppose a change which is visibly necessary. If they agree, as they do, that the U.S. economic situation is seriously unstable, there is no reason for them to want to maintain it as it is. The sensible thing to do when something is wrong, is to demand its correction and not to persist in error.

CSO: 3010

DAILY COMMENTS ON SOVIET-AFGHANISTAN IMPASSE

Buenos Aires LA PRENSA in Spanish 28 Jan 81 p 6

[Editorial: "The Soviet Union in Afghanistan"]

[Text] More than 1 year after invading Afghanistan, the Soviets have not yet managed to completely control the country, in spite of their overwhelming superiority in manpower and materiel. They do exercise control over key spots in the country, and it is readily demonstrable that the Kabul government is just a puppet of Moscow. In other aspects of national life, however, Afghanistan is far from being a country in which only the will of the invader holds sway. This can be seen from the ongoing resistance in the interior, on the outskirts of the capital and even inside Kabul itself, where heated protest demonstrations took place on 29 December. The chief of police, an Afghan, was arrested when his attempts to subdue the demonstrators failed.

To the many snags that the Soviets have encountered in their zeal to extend their dominance to all segments of Afghan society, we can now add the state of insurgency among the ranks of the Afghan Army, which has shrunk in the wake of successive desertions from 80,000 troops in December 1979 to 30,000 at present. There are many contributing reasons for this protest, the most important of which is that the army is being forced to serve the invaders and to repress, under threat of execution, the acts of resistance by fellow countrymen. The announcement of a 6-month extension of the time of military service has triggered bitter reactions among the soldiers, and an increase in pay has not sufficed to alleviate the atmosphere of latent protest that has been perceived in recent weeks. Fearful that this attitude could acquire further momentum and unforeseen dimensions, the Soviets are refraining from giving modern weapons to Afghan soldiers and officers, knowing that at the first favorable opportunity they could fall into the hands of the guerrillas. If the mood of insurgency that Western observers have noted in recent days continues, we can expect acts of indiscipline and rebellion and even the outbreak of a full-fledged insurrection among the ranks of the Afghan Army. A number of confidential reports say that among the many potential moves, the idea of "grabbing the weapons and heading for Pakistan" is gaining increasing earnest support among the troops.

Incidents like the ones we have mentioned are of serious concern to the Soviets, and not only the military commanders who invaded Afghanistan but the Kremlin

leaders as well, because it is obvious that "dual loyalty," to the invaded homeland and to the invader, is not working. It is contrary to human nature and to the most elementary spirit of patriotism.

The Soviets ought to look into the mirror of Afghanistan and ask themselves what would happen tomorrow if they had to call on the national troops of their satellite nations not to fight against the West but to put down rebellions among the subjugated peoples of Eastern Europe. There are sufficient grounds to assert that Soviet qualms have not ceased to mount in this regard in recent times.

8743

CSO: 3010

SOVIET AGRICULTURAL CRISIS IS SUBJECT OF ANALYSIS

Buenos Aires LA PRENSA in Spanish 27 Jan 81 p 6

[Editorial: "The Crisis of Soviet Agriculture"]

[Text] Before the communists came to power in Russia, the tsars were major grain exporters. The 1917 Revolution put an end to this, and with Stalin's extermination of the "kulaks" (independent peasant farmers) in the 1930's and the resulting forced collectivization of agriculture, the country that was once recognized as a world supplier of grains wound up as the largest importer of wheat, corn and other cereals. Over almost 65 years of agricultural revolution, the Soviet Union has been unable to emerge from the sluggishness into which it was plunged by the predominance of ideological dogma over a technical and economic approach to grain growing. At present, 25 percent of the Russian work force is employed in feeding the nation poorly. Just 4 percent of the U.S. work force produces twice as much as Russia (1 American farmer produces 55 tons of grain a year, as compared to 5 tons for a Russian farmer), even though its cultivated acreage is 60 percent less. Hence, when Moscow buys grain from the United States, its cost per ton is half that of locally grown grain.

The final grain production figure for the 1980/81 agricultural year stood at 189.2 million tons, slightly higher than the scanty 1979/80 crop but substantially smaller than the anticipated harvest of 235 million tons. Soviet agriculture is experiencing an ongoing decline in spite of the enormous investments earmarked for this sector (27 percent of the national total). In general terms, farming yields in Russia have been declining by one percent a year in recent times.

Far from being short-term, the crisis is a permanent one. The failure of the communist regime has become most evident in a facet, the feeding of its people, to which Bolshevik literature has always devoted its utmost imaginative efforts. Poor harvests can be frequently but not always attributed to the weather. Scant rainfall, too much sun and harsh frosts are contingencies inherent to farming in all countries. Identical conditions occur in other major grain-producing countries such as the United States, Canada, Australia and Argentina, without lowering the average yield over a given period and without preventing an increase in output under the stimulus of the private ownership of land and the utilization of technological and scientific advances.

The Soviet agricultural crisis is taking place within the context of poor economic growth, just 2.1 percent in 1979, the lowest rate since the end of the Second World War. Performance has been no better in meat production. Local output, 15.4 million tons in 1980, is 100,000 tons less than in 1979, which was itself a poor year. Thus, Soviet meat imports increased 234.4 percent from one year to the next, as 535,000 tons were imported in 1980, as compared to 375,000 in 1979.

The 11th 5-Year Plan, covering 1981 to 1985, seems to be promising an answer to the shortfalls of foodstuffs and essential goods. The promises abound, including annual harvests that would mean a 50 million ton jump from the 1980 figures. A more believable development is that Moscow will continue over the next 5 years to arm itself at a cost equivalent to 12 percent of its GDP, the highest level of expenditures in the world.

8743

CSO: 3010

EDITORIAL URGES ANDEAN NATIONS TO UPHOLD PRINCIPLE OF UNITY

Buenos Aires LA NACION in Spanish 24 Dec 80 p 6

[Editorial: "The Santa Marta Declaration"]

[Text] It would be improper to deny the importance of a meeting held in Santa Marta, Colombia, by the members of the Andean group represented by their respective presidents and attended by Spain's head of state, Gonzalez Suarez, and the presidents of Panama and the Dominican Republic. It behooves us to call attention to the absence of Bolivia, based on the premise that the activities of the Andean group in the political domain invade jurisdictions of an exclusively domestic nature; for that reason, Gen Luis Garcia Meza, Bolivia's president, announced his country's withdrawal from the Cartagena Pact. In addition, it is of interest to mention that Jose Napoleon Duarte, the new president of El Salvador's junta, found the occasion propitious to announce "his firm decision to find a way to bring about peace and freedom in his country in the near future."

The so-called Santa Marta Declaration is the document produced by the officials who met in the city from which its name is taken and which constitutes a profession of democratic faith as well as a ratification of integration, the principle which gives validity to the Andean Accord or Cartagena Pact, first abandoned by Chile and now by Bolivia. While the former withdrawal specifically concerned disagreement with norms relative to foreign investments, the latter is connected with statements by Gen Garcia Meza judged to be incompatible with democracy. A difference of opinion in the exercise of democracy was also not totally lacking in the case of Chile.

The Santa Marta Declaration is basically a ratification of the ideals proclaimed by Bolivar and a demand for democratic institutionalization as the best guarantee of freedom and development of the people of the self-proclaimed Andean nations. The recollection of the Venezuelan hero--of his prophetic vision in the Jamaican letter, the convening of the famous Panama congress--is in truth timely in that it shows more how America is a land marked for freedom and democracy. However, we must equate the convening and noble intentions of the signers of the declaration with what is now occurring.

Although the manifestations expressed in the declaration are supposed to be understood as an ideological basis for a continental subregion committed to an exclusive or postulatory policy of blocs subject to ideological or partisan characterizations, there is reason to deplore the tendentious and even sectarian interpretation of Bolivar's intentions.

Bolivar wanted a South America which would be proud and united. A century ago, his vision pointed out where there was regional weakness and the need to maintain unity among all the republics of that area in order to resist factions and forces more bent on subduing the area than in honoring its international characteristics.

Our century has made it clear who are the enemies of freedom, democracy, social justice and shared economic rights in terms of present and future values. The struggle is continuing and, until we have categorically defined realities, it will not help us to achieve victory by applying strict formulas. It therefore behooves us to go along with the Peruvian president's request to continue to consider Bolivia a member of the Andean group. Realities and principles must go beyond rhetoric and be expressed in concrete and fruitful action.

8568

CSO: 3010

RISING DEBT OF FARM SECTOR ESTIMATED AT \$4.7 BILLION

Buenos Aires LA PRENSA in Spanish 28 Jan 81 Sec 2 p 3

[Text] Bahia Blanca, Buenos Aires--The secretary of the Confederation of Buenos Aires and the Pampa Rural Associations (CARBAP), Mr Alberto Paronetto, said here that farm sector indebtedness to banks probably totals \$4.7 billion, which has placed the growers in a very compromising position.

The CARBAP leader made this remark during an interview in this city with the news service of LU2, a local radio station. He said that "CARBAP has repeatedly asked government authorities for an overall refinancing for the farm sector, because it feels that its debts have become a very serious problem."

After estimating the debt level at \$4.7 billion, he pointed out that "this represents 6 years of meat exports at our 1980 export levels."

Refinancing

He added that the confederation feels that a refinancing is in order, "but based on a long payback period and an adjustment mechanism related to the rise in farm product prices. You have to remember that when this process began the farm sector was asked to do several things. It was asked to really invest more, to take out loans. And the farm sector responded in this regard, as it has in others. And then it came up against things like the financial reform, whereby we went to sleep on 31 May 1977 with a 48 percent rate and woke up the next day with a 112 percent rate."

In this connection, he said that "no businessman, rural or otherwise, can foresee something like that, no matter how good his calculations are."

"Since things like this have happened, we don't think that it's asking any special favor, because when a grower works and produces (there is talk that we're going to have a record grain crop this year) and then sees that his capital is gradually being eroded (if he is, in fact, in debt), we feel that growers have to be relieved of these anxieties. Otherwise, we will not be able to keep up our string of accomplishments in this area."

No Answer

He was asked whether his group had gotten any answer from the Economy Ministry. The CARBAP leader stated that "none at all, and we thought that the request we formulated recently would not be necessary, inasmuch as this is an issue that we have taken up on several occasions with Minister Martinez de Hoz, and he always told us that this matter was being taken of and that an arrangement would be made known any time."

Example

To illustrate the gravity of the situation, he cited the example of "a farmer who took out an indexed loan a year ago that was equivalent at the time to 100 steers. Assuming he renewed the loan every month and paid off the interest, that farmer would need 140 steers today to pay back the principal that he took out a year ago. There is really no way to cope with a situation like that."

Agriculture Secretariat

He also discussed the scheduled overhauling of the Agriculture Secretariat. He said that this is causing as much concern as the indebtedness issue. He went on to say that "we do not want a privileged status; we just want the voice and the problems of the farm sector to reach the ears of the nation's president, so that he can really become the highest-level arbiter among the various sectors, which all defend their legitimate interests, and so that decisions are not made in advance that hamper and at times completely preclude concerned views from reaching the highest decisionmaking level."

He added in conclusion that the confederation's efforts in this regard "have met with absolutely no response. For some time now, silence has been the response to our petitions, complaints, notes, etc."

8743

CSO: 3010

FINANCIAL AID TO STAGGERING FISHING INDUSTRY DISCUSSED

Buenos Aires LA PRENSA in Spanish 28 Jan 81 Sec 2 p 4

[Text] The Economic Federation of the Province of Buenos Aires (FEBA) and the Buenos Aires Manufacturers Association (ADIBA) have made public a document in which they set forth their position on the situation that the fishing industry is in.

They point out in this regard that "more than 3 years ago the secretary of maritime interests said that the peaceful presence of our ships engaged in productive tasks is a preponderant factor in the act of occupying our waters" and that "if we do not fully occupy our waters, others will do so, spurred on by the need for foodstuffs and by notions of world ocean domination." It is not only at sea that production activities exemplify a nation's exercise of its sovereignty, because that is industry's fundamental role regardless of where it is located. If there is no industry, it is impossible for jobs to exist, and without the wealth-creating labor of their citizens, nations tend to disappear.

"These are the underlying concerns evinced by our colleagues, the businessmen in the fishing industry, when they announce the rapid process of capital depletion that they are undergoing, as well as the indebtedness that is leading them to inevitable bankruptcy. It is inadmissible for the longstanding complaints of the Argentine Chamber of Ocean Fishing Vessels, the Argentine Chamber of Fish Processors and the UCIP of Mar del Plata to be ignored when the situation that the sector is in is thoroughly familiar to the authorities and publicly acknowledged by the nation's fisheries under secretary himself.

"Here you cannot argue inefficiency or any other of the dialectic inventions advanced every day to justify the failure of a policy that is acknowledged by the members of the economic team themselves. The pompous announcement was made in 1976 that the country would be able to reverse the trend of underdevelopment off our coast. As has always happened in our country in response to such appeals, the industrialists of the sector started reoutfitting and updating without pause, which eventually brought them to the edge of the abyss at which they find themselves now. A catch of close to 1 million tons was projected for 1980, 80 percent of which would be earmarked for export. Last year, for each dollar that the fishing sector industrialists exported, they had to leave a half dollar in port to ship the merchandise because of the currency's undervaluation and, therefore, take it out of the financial chain so as not to shut down the activity."

Financing Liabilities

"Neither the FEBA nor the ADIBA wish to add a single word to the description of the situation given by Navy Captain Ghera, the under secretary of fisheries, when he said that \$270 million are needed to finance the liabilities of the fishing companies and that until the current economic situation is modified, the fishing crisis cannot be dealt with, because rectifying the status of the industrialists in this branch entails resorting to loans that cannot be obtained and to an exchange parity that is not part of the Finance Palace's plans.

"The great majority of the nation's industrial sectors are experiencing situations such as the fishing industry's."

The Industry and the Example of La Cantabrica

"One of the most dramatic present-day examples is La Cantabrica, and all such examples will be resolved through a complete change in the direction that has been imparted to the nation's economy. Therefore, our two associations make common cause with the complaints of the chambers and associations that represent the fishing sector and express their willingness to join efforts so that Argentine industry and all other production sectors can pursue their activities as they should be able to and thus make ours a powerful nation, which is now being cruelly punished by those who do not have its interests in mind."

8743

CSO: 3010

BRIEFS

AMBASSADOR TO PRC--Buenos Aires, 17 Feb (TELAM)--Alberto Subiza today departed for the PRC to take up his duties as the new Argentine ambassador to the PRC Government. [PY200006 Buenos Aires TELAM in Spanish 2140 GMT 17 Feb 81]

NEW BURMESE AMBASSADOR--Buenos Aires, 18 Feb (TELAM)--The Argentina Government has agreed to the appointment of U Kyaw Khaing as the new Burmese ambassador to Argentina. Kyaw Khaing will continue to perform his duties as ambassador to the United States, where he will continue to reside. [PY200006 Buenos Aires TELAM in Spanish 0215 GMT 19 Feb 81]

NEW SPACE RESEARCH CENTER--Buenos Aires, 17 Feb (TELAM)--The National Space Research Commission, which is subordinate to the Argentine Air Force, has created the Mendoza Space Research Center. Lt Col Salvador Puliafito was appointed director of this new center. [PY200006 Buenos Aires TELAM in Spanish 2150 GMT 17 Feb 81]

GRAIN EXPORTS--Buenos Aires, 13 Feb (NA)--Argentina exported only 12.5 million tons of grains in 1980. This figure is 5 million tons--that is 28 percent--lower than that of 1979. The Soviet Union confirmed its status as the leading purchaser of Argentine grain by buying 60 percent of the above total. According to a report of the National Grains Board, the total shipment of grains amounted to 12,602,700 tons, which is 27.7 percent lower than the 17,443,500 tons exported in 1979. [PY200006 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1605 GMT 13 Feb 81]

CSO: 3010

EXCHANGE RESERVES DECLINE \$5 BILLION IN 1979, 1980

Rio de Janeiro O GLOBO in Portuguese 5 Feb 81 p 21

[Text] In 1979 and 1980 the nation lost about \$5 billion of its exchange reserves, which fell from about \$12 billion to \$6.9 billion due to repeated deficits in the balance of payments. This situation made the strategy of accelerated growth of the last 2 years unsustainable.

That is the comment of Paulo Guedes, economist of the Center for Foreign Trade Studies Foundation, in regard to the change of direction in economic policy during recent months.

IBRE Letter

According to him, the discussion about forecasts of deficits in the trade balance and the payments balance is secondary to the major question, which is the strategy of economic growth adopted by Planning Minister Delfim Netto.

"Everyone is worried," he commented, "about this year's trade deficit (IBRE [Brazilian Institute of Economics] estimated about \$1.5 billion), inasmuch as it will cause another reduction of exchange reserves. As a matter of fact, it is only the whistle on the pressure cooker. The problem, however, is not to plug the whistle but to cool off the pot. Hence, the main discussion should be about strategy."

Although Paulo Guedes agrees with the basic terms of the IBRE Letter, which predicts serious difficulties in external accounts, he does not agree with the idea about the impossibility of controlling imports more rigorously.

"The fact that petroleum represents about 50 percent of imports does not necessarily indicate an impossibility of freezing aggregate imports. On the contrary, the greater the share of petroleum in imports, the greater the sensitivity of imports to the economic slowdown."

In other words, Paulo Guedes believes that it is possible to restrict Brazilian imports, especially petroleum, only to the extent that its economy grows at much lower rates than this year. According to him, the ideal for this year would be a growth rate for the Gross Domestic Product (PIB) of about 5.5 percent.

He criticized "less orthodox" economists such as the president of the Rio de Janeiro Institute of Economists (IERJ), Maria da Conceicao Tavares, who supported Delfim Netto's strategy of accelerated growth in the 1979-80 period.

"They should now recognize, as the government is already doing, the need to return to a more orthodox policy of fiscal and monetary austerity."

Paulo Guedes asserts that the slowdown is inevitable and, along with it, the reduction of inflation, which should already be declining by April and should end the year at about 90 percent.

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CSO: 3001

YEAR-END TRADE DEFICIT REACHES \$2.8 BILLION

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 Jan 81 p 34

[Text] Brasilia--Brazil's trade balance ended 1980 with a deficit of \$2.829 billion --compared to a deficit of \$2.717 billion in 1979--representing the third highest trade deficit in the last 10 years and the worst result since 1975, according to official data released yesterday by the Finance Ministry.

Exports, which increased 32.1 percent last year over 1979, totaled \$20.131 billion and imports, which increased 27.8 percent, were \$22.960 billion.

Petroleum and wheat imports were the biggest burden on the trade balance last year, when Brazil spent \$9.367 billion to buy oil (51.3 percent more than in 1979) and \$889 million for wheat (an increase of 62.5 percent). Coffee exports, however, managed to keep the deficit lower than expected. In 1980 the nation had revenue of \$2.785 billion from coffee, 47.1 percent more than in 1979.

In December the trade balance had a surplus for the second consecutive month, as imports were \$1.96 billion (the second highest monthly amount in 1980), while exports totaled \$2.231 billion.

Trade Balance (millions of dollars)

Year	Exports	Percentage Increase	Imports	Percentage Increase	Balance
1980	20,131	32.0	22,960	27.8	-2,829
1979	15,254	20.4	17,961	31.2	-2,717
1978	12,659	4.4	13,683	13.8	-1,024
1977	12,120	19.6	12,023	- 3.0	+ 97
1976	10,128	16.8	12,383	1.4	-2,255
1975	8,670	9.0	12,210	- 3.5	-3,540
1974	7,951	28.2	12,641	104.1	-4,690
1973	6,199	55.3	6,192	46.3	+ 7
1972	3,991	37.4	4,232	30.3	- 241
1971	2,904	6.0	3,247	20.5	- 344
1970	2,739	--	2,507	--	+ 232

PRODUCTION OF 30,000 KILOS OF GOLD SET AS 1981 GOAL

Brasilia CORREIO BRAZILIENSE in Portuguese 25 Jan 81 p 9

[Text] An authoritative source in the Mines and Energy Ministry told CORREIO BRAZILIENSE yesterday that Planning Minister Delfim Netto is releasing 495 million cruzeiros this week so that Mines and Energy Minister Cesar Cals can invest it immediately in the National Gold Program, which will cause a nationwide expansion of gold mining and permit Brazilian production to reach 30,000 kilograms of gold by the end of the year, compared to 1,300 kilograms in 1980. Release of the funds by SEPLAN [Planning Secretariat] is the first big step toward reaching the goal of 200,000 kilograms in 1985.

The source adds that the 495 million cruzeiros had been requested by Minister Cesar Cals shortly before last Christmas in a meeting with President Joao Figueiredo, who agreed not only to the request but also to reform of the Brazilian mineral sector. The Mines and Energy Ministry has also been studying "national redemption" in regard to silver and platinum and gem-cutting, while the Federal Revenue Service and the SNI [National Intelligence Service] are broadening their investigation into smuggling of precious stones, especially into the United States, Europe and Israel.

Expectations

When the money is released the Mines and Energy Ministry will issue guidelines regarding several points: 1) indirect administration of production from the deposits discovered, providing security to individual or cooperative prospectors by constructing minimal social infrastructure, centralized purchasing and remunerative prices for output, as well as highway construction for shipping and control of production itself; 2) industrial use--in the specific case of gold--of mining rejects and plans for the same process in case of platinum and silver mined under similar conditions; 3) intensification of prospecting in areas already discovered to have occurrence of precious metals and stones, in order to expand production; 4) regionalization of processing (or gem-cutting) and semi-industrial conversion (or gold-smithery) of gems and precious metals by loans to small and medium-sized companies or cooperatives, besides specialized manpower training.

Smuggling

According to the same Mines and Energy Ministry source, "the government is checking more closely on mineral smuggling in Brazil," even making comparisons of income-tax returns from corporations and individuals who sell precious stones officially.

Meanwhile, studies are underway regarding others who--although they do it without license--are well-known to the Federal Police as smugglers, or suspected of such.

Silver

With release of the 495 million cruzeiros, "which is only a good beginning," the Mines and Energy Ministry also intends to intensify production of silver and platinum. In the former case there is a permanent deficit in the production/consumption ratio, reflecting imports that were \$22 million and \$31 million, respectively, in 1977 and 1978 (latest available figures), with annual purchases between 100 and 130 tons. Domestic production, sufficient to supply only 8 percent of domestic consumption, is a byproduct of lead mining in Panelas, Parana, and of gold mining in Nova Lima, Minas Gerais.

Even Platinum

As for platinum, Brazil imported \$1.8 billion in 1976 to meet domestic consumption, "due to insignificant production." In regard to exploitable potential, the same source asserts that there are reserves in Ouro Branco, Minas Gerais, estimated at 2.2 million tons with 10 grams of silver, 4.9 grams of platinum, 1.06 grams of gold and 2.05 grams of palladium per ton. But the National Department of Mineral Production has surveys verifying that there are occurrences in five adjacent municipalities that are to be prospected this year, not only in Minas Gerais, but also in Goias, where platinum is associated with chromite. In the case of gems, the government made a survey indicating that 98 percent of the nation's producing fields are unlicensed. According to the same government source, the matter is being studied "in upper echelons" to substantiate involvement of international groups in the problem.

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CSO: 3001

AVIATION INDUSTRY SEEKS 100 PERCENT DOMESTIC EQUIPMENT MANUFACTURE

Rio de Janeiro JORNAL DO BRASIL in Portuguese 18 Jan 81 p 16

[Text] Sao Paulo--A 100-percent domestic manufacture of military equipment and meeting the needs of the markets for executive and regional aircraft. These are the goals for the 1980 decade of the Brazilian aeronautics industry, now composed of 300 industrial firms that employ over 10,000 persons.

The major industry of this complex, EMBRAER (Brazilian Aeronautics Company), billed 13 billion cruzeiros last year, of which \$100 million were for foreign sales of its aircraft, now flying in 19 countries on 5 continents.

Facing the Future

One of the most successful projects in the import substitution program given incentives by the Brazilian government since 1974 was aviation. Creation of EMBRAER in 1969 made it possible to limit imports of small-sized aircraft which between 1970 and 1974 represented an expenditure of \$150 million. In 1975 EMBRAER began supplying the private market for single and 2-engine aircraft for up to 10 passengers and began production of larger aircraft such as the Bandeirante, for 18 passengers, seeking to serve regional aviation, then in a state of decadence, as well as the military, by creating military versions of the Bandeirante. It was at that time that the company also began producing, in a cooperative arrangement with the Italian Aeromacchi firm, the Xavante training and attack jet.

The Bandeirante turboprop is now EMBRAER's most successful project. It is flying in 19 countries, including the United States, Great Britain and France, traditional aircraft exporters, and positions EMBRAER as one of the world's largest turboprop producers, as it is the second best-selling plane of its category in the world. The Bandeirante represented nearly all of EMBRAER's \$100 million of exports last year. The other two aircraft exported were the Xavante jet, to Paraguay, and the Xingu, to Great Britain and France.

Among Brazilian companies, EMBRAER is one of the few that are in solid financial condition, represented by a capital of 4 billion cruzeiros, equity of 4 billion cruzeiros and 200,000 shareholders. Its cumulative production has been 2,300 aircraft since 1971. The company is investing in new aeronautics projects, such as the EMB-120 Brasilia, which will have its inaugural flight in 1982, and the EMB-312, military training turboprop that flew for the first time in August of last year and that this year is being mass-produced to fill an order of 162 units from the FAB [Brazilian Air Force].

The goal of domestic military equipment manufacture is considered essential to the company by EMBRAER's president, engineer Osires Silva.

Ten percent of our sales are to the FAB, but the T-27 and AMX projects will increase this share and this is very important for EMBRAER to develop more domestic technology for its projects.

He mentioned that Boeing sells 50 percent of its production to the U.S. Government; in France, 90 percent of sales are to the Air Force and in Great Britain this rate is 80 percent.

Industry Grows

In the aeronautics industry, production extends from single-engine, 2-seat aircraft to 18-passenger turboprops and training and attack jets, also including production of helicopters by HELIBRAS [Brazilian Helicopters, Inc] in Itajuba. Brazil currently has a fleet of about 6,000 small aircraft and demand is met entirely by domestic industry, leaving only the large commercial jets to be imported.

These aircraft are supported by an infrastructure of 1,800 runways and airports and 76 heliports. The Ministry of Aeronautics goal responds to a policy for domestic manufacture of components, substitution of replacement-part imports for civil and military aviation, while strengthening the ordnance and aerospace sectors. In this field, the Aerospace Technology Center [CTA] is developing a line of highly sophisticated radar equipment, begun with weather radar and now going on to aerial surveillance radar. In the ordnance system program, several types of ballistic rockets are being developed and produced on an industrial scale by AVIBRAS. The major project in this area is the self-guided Piranha missile being studied by the CTA.

There are about 300 industrial firms that produce the most diverse types of components for domestic production of aircraft, rockets and helicopters. Motortec, of Rio de Janeiro, is EMBRAER's largest subcontractor and supplies the company with parts and components such as wings, ailerons, flaps and "profundores" [translation unknown].

Helicopters

With a factory in Itajuba, HELIBRAS has begun production of the Gavião [hawk] and Esquilo [squirrel], the latter being where the hopes of HELIBRAS lie for developing its own technology, absorbed from Aeroespacialde, for producing these aircraft domestically.

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CSO: 3001

MIC GUIDELINES FOR FUTURE INDUSTRIAL POLICY OUTLINED

Rio de Janeiro JORNAL DO BRASIL in Portuguese 1 Feb 81 p 22

[Text] Brasilia--The strategy for industrial policy followed until now by the government, steering growth through specific projects, will be gradually replaced in future years by a new definition of priority areas. Among these are projects for exports, for production and use of alternative energy sources--mainly coal and alcohol--and for production of mass consumer goods.

These are the main outlines of the new directions Brazilian industrial policy will take in coming years and that have been defined by the Ministry of Industry and Commerce (MIC) through the CDI (Industrial Development Council) in a document that is now being studied by the CNI (National Confederation of Industries) and by the other ministries of the economic area to get their suggestions.

Reorientation

In the opinion of the CDI--which from now on should really become the formulating body for the nation's industrial policy, since the December 1979 economic "package" did away with most fiscal incentives--an aggregate policy for economic development should be reached based upon sectoral policies.

According to the plan outlined by the CDI, whose major topics are outlined in a volume entitled "Master Plan for Industrial Development," the reorientation of industry in view of the nation's energy policy will transfer to the private sector a leading role in the effort to adapt to the new situation created by the petroleum crisis.

As explained this week by CDI Executive Secretary Getulio Lamartine, this adaptation will unfold in two directions: on the one hand, the industrial sector, as a large user of energy, seeking to use alternative sources; on the other hand, redirecting its production in harmony with the new situation. In the first case, the effort to be made must seek rational use and conservation of energy when there are difficulties in replacing petroleum derivatives.

In fact, as the CDI attests, this is already happening with, for example, the cement industry, which must adapt its facilities for use of coal and charcoal in place of fuel oil. In terms of reorienting production, the CDI contends that adjustment must be made in production of consumer durable goods.

In this case, special attention will be devoted to exporting capital goods and consumer durable goods, whose production facilities appear to have capacity to absorb a higher level of orders than demanded by the domestic market. Industrial growth, furthermore, will be steered toward production of standardized and cheaper mass consumption goods, such as shoes, ready-made articles and commonly used medicines.

This does not mean, however, that production of basic inputs will be relegated to the background. The government intends to continue this sector's production program, favoring the following sectors: iron and steel, nonferrous metals, alcohol, paper and cellulose, cement, fertilizer and agricultural protectives, chemical products, alcohol-based chemicals, pharmaceutical raw materials and natural rubber.

The document prepared by the MIC also contains an important suggestion which, if accepted by the other areas involved in discussion of the new industrial policy, should put more power in the government's hands to punish more severely any deviation in carrying out this policy. It concerns consolidation of legislation affecting the sector, now scattered in decree laws, resolutions, acts, rulings, etc.

In the opinion of CDI experts, this consolidation--which must depend upon reformulation in Resolution 14/77 of the CDE (Economic Development Council), which deals with industrial decentralization--may increase the government's coercive powers should the guidelines not be followed faithfully.

Eleven points, in fact, summarize the government's intentions for the guidelines of industrial policy in coming years.

- Support domestic private industry through continual guidance of its investments and in combining financial, technological and fiscal instruments to make it more competitive and efficient.

- Promote decentralization of industrial growth, effectively reducing regional imbalances and social income inequalities.

- Promote preservation of environmental quality.

- Promote development, adaption and selective absorption of technology appropriate to conditions and to the national interest, seeking standardization and improvement of output.

- Gradually replace imported energy, reorienting Brazilian industry to research, conversion and increasing use of domestic and renewable energy sources.

- Improve the efficiency and performance of the industrial sector, contributing to reduction of inflationary pressures.

- Steer foreign investments toward their use as a supplement to domestic savings for technological support and penetration of new areas of the foreign market.

- Consolidate the capital-goods industry and continue the program for producing basic inputs.

- Increase the supply of essential consumer goods, adapting it to the new profile of personal income.

- Intensify the effort to export manufactured goods.

YEAR-END UNEMPLOYMENT DATA PUBLISHED; RISE ANTICIPATED

Monthly Rates Decline

Rio de Janeiro JORNAL DO BRASIL in Portuguese 31 Jan 81 p 20

[Text] The average monthly rate of unemployment last year was 7.52 percent in Rio de Janeiro and 5.66 percent in Sao Paulo, according to data released yesterday by the IBGE [Brazilian Institute of Geography and Statistics]. In Belo Horizonte and Porto Alegre, where the unemployment survey began in April, the average for the 9 months from April to December 1980 was 7.63 and 4.55 percent, respectively.

Once again the unemployment rate in the four cities fell from those of the previous month, reaching the lowest levels since the IBGE began its Monthly Employment Survey in January of this year. The December rates were: Rio de Janeiro, 6.47 percent; Sao Paulo, 4.63 percent; Belo Horizonte, 7.08 percent; and Porto Alegre, 3.90 percent.

According to many economists, Brazil does not yet have sufficient background in surveys of employment and unemployment. Hence, there are as yet no criteria and parameters that indicate at what point the unemployment rate can be considered critical.

The IBGE, despite what it has officially reported, still does not report unemployment data from other metropolitan areas that should be included in the survey. Furthermore, the IBGE does not report important information regarding the underemployment situation, the number of unemployed heads of households, unemployment in different sectors of the economy and other details that were published in May 1980.

Unemployment in 1980

Month	Rio de Janeiro	Sao Paulo	Belo Horizonte	Porto Alegre	Month	Rio de Janeiro	Sao Paulo	Belo Horizonte	Porto Alegre
January	7.91	6.78	--	--	July	8.16	5.27	7.30	4.83
February	7.81	6.72	--	--	August	8.00	5.21	7.65	4.89
March	8.10	6.60	--	--	September	6.88	5.35	7.12	4.77
April	7.52	5.81	8.62	4.65	October	6.86	5.24	7.89	4.42
May	8.12	5.85	7.75	4.60	November	6.51	5.15	7.51	3.97
June	7.96	5.38	7.82	4.94	December	6.47	4.63	7.08	3.90
Average:	7.52	5.66	7.63*	4.55*	*April through December only				

Increase Expected Through 1982

Rio de Janeiro JORNAL DO BRASIL in Portuguese 1 Feb 81 p 22

[Text] Slowing down the economy as the only means the government now has to solve the nation's two big problems--the balance-of-payments deficit and accelerated inflation--will inevitably lead to more unemployment this year, which may be prolonged until 1982, according to the opinion of four Rio de Janeiro economists.

Ralph Zerkowski, chief of the National Accounts Center of the FGV [Getulio Vargas Foundation]; Antonio Carlos Lemgruber, who heads the FGV Monetary Studies Center; Paulo Rabello de Castro, editor in chief of CONJUNTURA ECONOMICA magazine; and Carlos Lessa, professor at the UFRJ [Rio de Janeiro Federal University] School of Economics, analyze various aspects of economic growth in Brazil.

Unfavorable Forecast

According to Antonio Carlos Lemgruber--whose forecast for the growth of industrial production this year "is quite unfavorable, about 2 to 3 percent"--Brazil grew at an average of 7.5 percent during the last 30 years. Hence, this rate is the nation's "historic trend" in terms of growth, a structural necessity, and all indices that diverge from this long-term average are the effect of cyclical economic policy measures.

"This economic growth trend depends upon various factors, such as population growth, investment increase, technological progress, the level of education and reserves of natural resources. It varies from one nation to another. The historic rate of the United States varies between 3 and 3.5 percent, that of Great Britain is about 2 percent and that of Japan is about 10 percent."

According to Lemgruber, an increase in unemployment will come as a temporary cost of current economic policy in Brazil, due to the severe slowdown in 1981 and perhaps in 1982. He believes, however, that, contrary to the idea that the external shocks of the past decade have modified the structural trend of economic growth, Brazil will return to above-average growth and to its "historic trend."

The chief of the FGV National Accounts Center, Ralph Zerkowski, also asserts that the price of economic deceleration this year will be increased unemployment. "Furthermore, even with a significant reduction of economic growth, inflation will fall very slowly, because the system takes a while to soak up the excess money."

According to Zerkowski, the next decade is hardly likely to sustain a growth rate as high as the 8.5 percent of 1980. "However," he says, "it is impossible to ascertain the behavior of the economy in advance. Sometimes economic-slowdown policies do not manage to reduce growth rates, as in 1976, when the economy grew 9 percent."

The chief of the FGV National Accounts Center adds: "Theory says that recession is a growth of less than zero. In Brazil, however, a growth of 3 or even 4 percent already constitutes a recession, considering the need to create 1.5 million jobs per year." Low growth rates such as those Brazil experienced in the 1962-67 period and in 1975 and 1977, according to Antonio Carlos Lemgruber, have the technical name of "growth recession."

Paulo Rabello de Castro, editor in chief of CONJUNTURA ECONOMICA, warns that the economy should not be thought of as a machine, but should be viewed organically, as a human body, which must have balanced growth and has moments of activity and inactivity: "just as in a soccer game, where all the players are not always on the offensive, the economy has defensive moments, to overcome stress and gather new strength."

Discussing the parameters of the economic slowdown is better than blindly denying its inevitability, as only in this way can Brazil attempt to solve the problem of inflation and the balance of payments, according to Paulo Rabello. "Recession must be viewed as a sometimes inexorable circumstance of growth itself. The big problem is how to distribute the costs of this slowdown more or less equitably." According to him, "we are paying dearly for an overexpansion of 8.5 percent and the body must rest. Especially when the vitamins are foreign loans and not our own resources."

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CSO: 3001

FINANCE UNDER SECRETARY EXPLAINS 1981 BUDGET

La Paz PRESENCIA in Spanish 5 Feb 81 pp 1, 15

[Text] PRESENCIA has learned from Rolando Pereyra Mendez, under secretary for financial administration in the Ministry of Finance, that the General Budget of the Nation for 1981 will conform to the country's actual economic possibilities and that in its preparation, the various requests are being considered and the respective evaluations being carried out.

He said that the consolidated budget will be completed during the first half of March, "immediately upon completion of the necessary procedures for making it conform as closely as possible to economic reality and to the stipulations from the Office of the Presidency."

He said that the budget will be prepared in strict compliance with government instructions concerning personnel services, nonpersonnel services, materials and supplies, fixed assets, financial assets, the public debt, investments, and other items.

He noted that "at this point, we have completed the first profile of revenues and expenditures in an attempt to reduce the gap between them. Basically, that gap reflects administrative management during 1980, when the Government of the Armed Forces of the Nation had to honor a series of commitments that were made without being covered by the budget as originally approved."

He explained that the commitments that had to be honored were the result of trade union demands and wage and salary increases in the wake of the devaluation of the Bolivian peso, which occurred in November 1979.

Effects of Corrective Measures

Pereyra Mendez said that "we are also analyzing closely the side effects of the economic corrective measures and trying to determine how much will be received by each of the enterprises benefiting from the wage or rate adjustments."

He said that CONEPLAN (National Economic and Planning Council) will be the organization responsible for establishing priorities in the investment section, "since the appropriation for personnel services and operating expenditures in the state-owned firms and the government section will remain at the level of actual expenditure in 1980, provided that the need for such amounts is demonstrated."

Government Instructions

The Government of National Reconstruction, "for the purpose of reorganizing public finance and acting through the ministry concerned, has drawn up regulations and recommendations whose observance will allow preparation of the budget document in the shortest time possible while keeping it within the boundaries of the achievable, in harmony with our needs, and consistent with the actual possibilities for covering those needs financially," according to the document.

The government's instructions are contained in 10 chapters covering the decisions that "will make it possible to carry out with greater efficiency and discipline the measures adopted."

Personnel Services

The budget section on personnel services provides that the wage levels approved for fiscal 1980 will continue unchanged and that rationalization of the budgeted payroll will be approached from the standpoint that "without changing their financial ceilings as calculated for the entire fiscal period, they should represent a proven and demonstrated qualitative improvement among the personnel."

It is provided that new items (normal growth) will be included solely and exclusively for the ministries of national defense, education and culture, interior, migration and justice, and social welfare and public health. It is recommended that an effort be made as far as possible to reduce to a strict minimum the amount allocated to the subgroup "nonpermanent employees."

Other Sections

The government's instructions also deal with nonpersonnel services and materials and supplies, which must be computed on a zero base.

Concerning fixed assets and financial assets, it is provided that all proposed acquisitions be justified in writing. Where projects are concerned, the projects must be already underway or approved by the National Project Committee. The requesting of funds for the acquisition of real estate is prohibited.

In the section on public debt, consideration will be given only to those requests covered by agreements, contracts, and legal regulations justifying their inclusion in the budget. This also applies to transfers to the private sector.

As far as the investment section is concerned, the following regulations apply: the projects to be included in the budget must be consistent with the government's economic and social policy. Priority projects are to be those which are in the course of execution and which are justified both socially and economically.

There are also instructions to calculate the possible sums to be collected in taxes and levies as requested by each organization, taking into account that exclusions, exemptions, exceptions, and all types of special privilege will be eliminated permanently.

It is announced that in cases of misappropriations of funds, the determination of responsibilities will be followed by sanctions as provided against the executives of the organization committing the offense and by appropriate action by the Comptroller General's Office of the Republic.

11798

CSO: 3010

INTERIOR MINISTER TO REACTIVATE CIVIC COMMITTEES

La Paz PRESENCIA in Spanish 4 Feb 81 p 4

[Report on press conference by Minister of Interior Col Luis Arce Gomez in Sucre on 3 February 1981]

[Text] Sucre, 3 Feb--Minister of Interior Col Luis Arce Gomez has announced that the civic committees will be reactivated and that an order to that effect will be issued tomorrow.

He said that his ministry is initiating a resolution putting the civic organizations into operation "with the desire to see them perform a purely civic function, act as coordinators and cooperate with the authorities to accomplish whatever is necessary." He said that "with a noble vision befitting the people, the civic committees must operate in a nonpolitical manner and solely as a civic service."

He said that with a view to operation of the committees, the ministerial resolution will provide rules giving some groups a greater role and that the entities will comprise representatives of banking, industry, inactive military, peasants, transportation workers, officials, and nationalist organizations.

Minister Arce said, "We are not going to allow the civic committees to take on a political look," and he added that they must work in an orderly manner, with their attitude being one of service to the people, and that the committees will be a base of support and advice for the authorities.

Bank Interest Rates

The minister of interior made those statements during an impromptu press conference. When asked what prompted the government to raise bank interest rates, the minister answered by saying that the economic measures in the country should have been adopted much earlier: "Any government would have been forced to do the same: the economic measures concerning bank interest rates are designed to help support the monetary system above all else." He then said, "If there were to be economic measures, then there should logically have been a devaluation of the currency, but there is not going to be any devaluation, because measures have been adopted to prevent inflation, examples being those to prevent wage increases and control staple items, as well as others such as the one increasing bank interest rates. This means that there will be no drop in the value of our currency."

International Relations

Discussing the international outlook and relations with the Andean Pact and the United States, he said that our country has momentarily "withdrawn from the Andean Pact for an indefinite period, but not permanently." And he said that while our country does not maintain relations with the United States, all the organizations receiving U.S. economic support are functioning. "In other words, there has been no freeze affecting government programs already agreed on previously." He then said that private industry has encountered some obstruction in the banks, but "with the change of administration, I think that everything is returning to normal." "As far as recognition is concerned, I am very optimistic--I believe that it will come very soon."

Counterfeit Dollars

Concerning the circulation of counterfeit dollars, he said that the Ministry of Interior's intelligence service is exercising control over everything having to do with security in the country. He said that the entry of counterfeit dollars had been detected in Santa Cruz, Cochabamba, and La Paz, that some exchange offices had complained, and that some money changers without official standing had been arrested, "although they are not at fault because they buy, and since they do not have machines for detecting counterfeit money, the Ministry of Interior has had to mount operations to combat this irregularity." He noted that the counterfeit money has been confiscated. And on the same subject, he said that there is a shower of counterfeit dollars but that no one knows why, since the ministry has not yet determined whether it is related to the drug traffic or perhaps to subversive action aimed at creating problems for the government. But since all the organizations working with foreign currency are under supervision, he does not believe that any greater problems will be created. "There would have been a problem if we had failed to be realistic and had not told the truth to the people, the banks, and industry, since they are the ones who handle U.S. dollars."

"There is no question that it does great harm to the country. It is a very serious matter, because a shower of counterfeit dollars would cause an economic problem for the country, but we also believe that by our having alerted the banks and industry, they will be able to protect their interests and also protect the country's interests."

Diagonal Highway

Discussing matters related to the development of Chuquisaca, he mentioned the Jaime Mendoza Diagonal Highway--the road between Uncia, Sucre, and Muyupampa--saying that the project was started under an Armed Forces government and that it will have to be another Armed Forces government that continues it.

He said that once the last part of the final design has been submitted, his ministry and the Ministry of Transportation will speed up procedures for making that road a reality, since the project is an absolute necessity for the development of Chuquisaca and must therefore be completed.

He promised to come more often to familiarize himself with the problems, especially those of the organizations responsible to his office. He said that the problems

being experienced by the Directorate of Traffic due to lack of space are being overcome and that it will have a building and branch offices that will improve its work.

Questioned concerning a possible change in officials, he said that both the prefect and the mayor have been confirmed, but he also said that the government has a policy with regard to officials in the departments (political subdivisions) and that as time goes on, the administration of mayor's offices will be turned over to civilians. He said that 80 percent of the departments have local people as mayors and military prefects on active duty, but that since Lieutenant Colonel Amelunge has been serving satisfactorily, he has been confirmed "at least pending a conclusion to the problem of building the central market."

He concluded by reiterating that the prefect, Col Romulo Mercado, and the mayor have been confirmed and that therefore there will be no change in officials.

11798

C80: 3010

CENTRAL BANK RAISES INTEREST RATES

La Paz HOY in Spanish 31 Jan 81 p 3

[Circular from the Central Bank of Bolivia; no date]

[Text] The board of directors of the Central Bank of Bolivia has adopted a resolution increasing interest rates effective 1 February 1981. The change affects both the interest on loans and the interest on deposits and applies only to commercial banks and the State Bank.

In this connection, it has released the text of that resolution, which establishes the new interest levels as follows:

Rates on loans: A maximum interest rate of 27 percent per annum is established for loans granted by banks to the commercial, private, and production sectors, whether in national or foreign currency, and free of commission and other charges except those assessments established for the benefit of the following institutions:

- a) Bank Employees Fund: 3 percent per annum on renewals and/or time extensions.
- b) Universities: 1 percent per annum, in accordance with Supreme Decree No 17,967 dated 23 January 1981.
- c) General Treasury of the Nation: 1 percent per annum on bank loans to the commercial, private, and production sectors, in accordance with Supreme Decree No 17,968 dated 23 January 1981.

Rates on deposits: The minimum levels for interest rates on deposits are established as follows:

On deposits in savings banks: 22 percent per annum.

On time deposits in national currency: 23 percent per annum.

On time deposits in foreign currency, a range of from 114 to 117 percent per annum is established.

Banks in the system are authorized to pay interest rates higher than those indicated for deposits in national currency provided that the terms and yields are consistent in relation to the maximum rate on loans as established in this resolution.

Until such time as the Central Bank of Bolivia establishes new interest rates for development banks, industrial banks, investment banks, and the Development Department of the State Bank, the current rates will continue in force. Also remaining in effect are the interest rates on all refinancing lines granted to the banking system by the Central Bank of Bolivia.

Board of Directors Resolution No 219/80 dated 19 May 1980 and Circular No 325/80 dated 20 May 1980 are rescinded.

Please keep in mind the following important points:

a) With a view to implementing these decisions, you must make the full text of this circular known as quickly as possible to all your branches in the interior of the republic.

b) The new rate on loans is not retroactive. It will apply to loans granted on or after 1 February 1981. Outstanding loans or those granted before that date will continue at the agreed rate until maturity, unless express agreement to the contrary is included in the loan documents.

c) The maximum lending rate of 27 percent per annum will be free of commission and other charges, except in operations for the opening of credit or of lines of credit, in accordance with the Commercial Code.

d) The new interest rate on time deposits in national and foreign currency will be applied to deposits made on or after 1 February 1981. The previous rate on deposits made before that date will remain in effect until maturity.

e) Savings bank interest will be calculated at the rate of 17 percent on balances until 31 January 1981. Effective 1 February 1981, the annual rate of 22 percent must be applied to the balances.

Yours faithfully,

Central Bank of Bolivia

11798

CSO: 3010

LOW TIN PRICES FORCE STEP-UP IN MINING SECTOR

La Paz PRESENCIA in Spanish 1 Feb 81 p 9

[Text] The current slump in the international tin market and the small likelihood that the situation will be overcome in the near future are creating the need to step up the execution of projects contemplated as part of the new national policy for mining and metallurgy. That is what PRESENCIA learned from Under Secretary of Mining Guillermo Murguia.

He said that domestic problems are aggravating the negative effects of low tin prices, which have shown an unprecedented downward trend over the past 2 months.

According to Murguia, that consequence of the international economic depression may be lessened by promptly implementing the general and specific plans included in the new mining and metallurgy policy, which, he said, "is oriented toward a rationalization of production costs in the near future through the use of new technologies making possible a greater recovery of ores."

He said that Bolivia must prevent a dispersion of effort in the field of mining by rationalizing expenditures and preventing a duplication of functions.

He added that the long-term objective of the new policy is to increase the added value of national products through refining and subsequent industrialization.

But the negative effects of the low prices are being felt now, said Murguia, and this situation makes it urgent to implement plans that will come to fruition quickly and be highly profitable.

International Factors

The under secretary of mining explained that the current low in tin prices is due to general problems in the international economy and to special factors in the international tin market.

On a general level, we are faced with an economic recession resulting in an industrial slowdown, with the consequent drop in demand for tin.

There are also other factors that are not strictly economic, one of them being the recent change of administration in the United States and the release of the hostages

in Iran. Those events have strengthened the U.S. dollar, with negative effects on the prices of basic commodities.

The chief factor specific to the tin market and having an effect on the price of that metal is the permanent threat of a massive sale of strategic tin stockpiles held by the U.S. General Services Administration.

Those factors cause instability in the metal markets and make it very unlikely that there will be a quick recovery in prices.

Tin is one of the metals most affected, but silver (the second most important metal in overall Bolivian exports) is also experiencing a considerable decline in price.

But the stable industrial demand for silver means that the price of that product is remaining within "reasonable limits," according to the official we interviewed.

Murguia said that the drop experienced in the price of tin in recent months amounts to an average of \$1.50 per pound.

He added, "The result is a drop in collections by the General Treasury of the Nation and a considerable decline in profits for the producers."

11798

CSO: 3010

CRISIS IN MINING SECTOR IS FURTHER EXPLAINED

La Paz PRESENCIA in Spanish 4 Feb 81 p 10

[Text] The low international price of tin, the increase in production costs (resulting from the recent economic corrective measures), and the rise in bank interest rates are aggravating the crisis in the national mining industry to the point that the possibility is being raised that several mining firms may close down.

That concern was expressed by the National Association of Medium-Sized Mine Operators in its latest weekly bulletin.

The organization says that the problems in national mining have recently taken on "characteristics that may be tragic," because "the situation has become substantially worse. The reason is that while the crisis was occurring earlier despite favorable prices--and was in fact being contained by those prices--it is now deteriorating past the point of recovery, dragged along by prices" (in January the average price of tin was \$6.43 per pound, the lowest level in the past 19 months).

The medium-sized mine operators assert that production costs in most of the national mining enterprises exceed \$7.25 per pound. They add that the problems are not exclusive to Bolivian mining, since there are some mining firms in Malaysia whose production costs are also more than \$7 per pound.

Panorama

According to the medium-sized mining industry, the current panorama of Bolivian mining can be summed up as follows:

The great majority of the private firms and, probably, all the state-owned firms are operating at a loss. A few private firms are still staying out of the red thanks to their efficient productivity and, above all, the diversity of their production.

If a price recovery does not occur more or less rapidly, it will be very difficult to avoid closing many operations, especially among smaller firms in the small and medium-sized mining industry.

Several other producers would choose to suspend production operations and devote themselves solely to preparation and development.

The forced cutbacks in production may cancel out the start of a recovery in mining activity that could already be noted in the profit and loss statements for 1980.

The forced reductions in sources or volumes of mine work would unfortunately mean less employment, less foreign exchange, and less tax revenue for the state.

Aggravating Factors

The medium-sized mine operators add:

"Unfortunately, the weakening of the market has coincided with a rise in costs for the mining industry as a consequence of the recent economic corrective measures, and those costs are not transferable. To that is now being added the rise to prohibitive levels of interest rates on bank financing.

"While the mining industry is forced to seek foreign financing for its investments because of the low capacity of the national banking system, it does have recourse to commercial loans to cover its working capital requirements. And it does so to a much more intense degree precisely when, as now, its revenues from the sale of ores are inadequate.

"In our opinion, it is deplorable and undesirable that interest rates and additional taxes should be the same regardless of the objective and purpose. In other words, it is deplorable and undesirable that the government should make no distinction as regards the use to which financing is put, but imposes the same interest rates regardless of whether the loan is to be used for productive purposes, simply for speculation, or for sumptuary consumption. Good sense and the need to revive our economy make it advisable to establish differential rates in order to encourage--rather than making more expensive--loans intended for sectors that are directly and genuinely productive."

11708

CSO: 3010

WHEAT PLAN WILL INCREASE DOMESTIC SUPPLY, ADD SOYBEAN CROP

La Paz PRESENCIA in Spanish 28 Dec 80 p 8

[Text] (ANF)--The Wheat Development Pilot Plan drawn up by an interinstitutional committee aims at achieving, within 5 years, an annual production figure corresponding to 33 percent of the national demand for that cereal.

The plan, which is to be implemented in the Department of Santa Cruz, calls for planting 80,000 hectares over a 5-year period at an estimated investment of 349,443,200 Bolivian pesos.

The studies indicate that Santa Cruz has 220,000 hectares of land potentially suitable for that type of crop.

The zones of Lapacani, Okinawa, Chane, Rio Pirai, and Rio Grande, all in the north, have a potential of 100,000 hectares. In the southern zone, Abapo-Izozog has a potential of 129,000 hectares.

The plan will begin in 1981 and terminate in 1985. It is based on the efficient use of land and machinery, with wheat being grown in the winter and soybeans in the summer.

Preparation

Committees representing the following institutions participated in drawing up the Wheat Development Pilot Plan in Santa Cruz: the Ministry of Agriculture, CORDECRUZ [Development Corporation of Santa Cruz], the Coordinating Committee for the Abapo-Izozog Project, and the Center for Tropical Agriculture Research. Their work was coordinated by the Oriente Chamber of Agriculture and Livestock.

Objectives

The 5-year plan in question has two basic objectives:

To produce 33 percent of the national demand for wheat at a gross value exceeding the 600 million pesos now paid to import that cereal, and to diversify agriculture, thus benefiting the producer through exploitation of an additional crop that will round out the annual cycle (wheat and soybeans).

11798

CSO: 3010

POLICY TO PROMOTE WIDER USE OF IMPROVED SEED SAID NECESSARY

La Paz PRESENCIA in Spanish 29 Dec 80 p 3

[Text] According to an official report, Bolivia imports a "considerable quantity" of seed annually to meet its farming needs and, because of "very limited development of the national seed industry," is still far from achieving self-sufficiency in seed production.

According to a document prepared by the Seed Department of the Ministry of Peasant and Farm Affairs (MACA) and presented at the Ninth Pan-American Seed Seminar, held recently in Buenos Aires, Bolivia chiefly imports seed and exports only "experimental quantities."

In 1980 alone--through November--the country imported 1,949 tons of seed with which to sow some 67,075 hectares during the 1980-1981 farming season. That represents 6.5 percent of the total area under cultivation. According to the report, the percentage of coverage with national seed is higher.

Seed imports are regulated by MACA, which approves and licenses imports, sets prices, and determines the quantities and kinds of seed to be imported. The actual importers are the national seed producers themselves and specialized private firms.

According to the report, seed distribution agencies are currently operating in the capitals of the departments and some provinces, but the country still lacks a "distribution network for improved seed to insure supplies for the farmers."

The document also points out that there is a lack of "promotional policies and of marketing infrastructure for agricultural and livestock products in general." The absence of those factors causes "discouragement among the farmers and reduces the demand for improved seed."

Education

The report also points out that national universities do not provide specialized courses on seeds. Because of that, institutions involved in that field send their personnel abroad for training. The document states that 10 technicians from MACA were recently trained in foreign countries. In 1979, however, in cooperation with the Israeli Government and the F.I.O, MACA offered the first national course on seeds.

According to the report, educational activity among farmers to show the advantages of using certain seeds is carried on by the seed producers themselves and by the farm extension service of the IBTA (Bolivian Institute of Agricultural and Livestock Technology) and the CIAT (Center for Tropical Agriculture Research). But their activity is described as "ineffective," chiefly because of the absence of a policy "to promote the widespread use of improved seed."

The report states that at the Buenos Aires seminar, the Bolivian delegation reported that the national seed program "is in its beginning stages" and requires the support of "friendly countries and international organizations" in order to insure its development.

The Bolivian delegation also made the following recommendations: a) that the less developed countries, such as Bolivia, receive preferential assistance from international organizations in the field of seed; b) that ownership rights on plant-breeding discoveries be limited to each country's national boundaries, without affecting the dissemination of materials internationally; and c) that action be undertaken to harmonize seed legislation in this hemisphere in a manner similar to what was done in the Andean subregion so as to facilitate international trade in seeds.

11798

CSO: 3010

HUNGARY TO BROADEN SCOPE OF ASSISTANCE

La Paz EL DIARIO in Spanish 5 Feb 81 p 3

[Text] Acting through its Ministry of Foreign Trade, the Hungarian Government has offered our country broad cooperation and the possibility of setting up technical and economic assistance programs in the near future in the areas of railroads, roads, and telecommunications.

That willingness was communicated yesterday by Mikles Bayai, trade counselor at the Hungarian Embassy and head of the economic mission from that country, during a meeting with the under secretary of transportation and technical officials from the National Railway Enterprise [ENFE], the National Highway Department, and the Autonomous Administration of Custom Warehouses.

At that meeting, the Hungarian representative said that the purpose of the visit by his country's trade mission was to sound out the possibility of concluding trade agreements with Bolivia in various spheres of national activity "so that, in accordance with Bolivia's requests and needs, it will be possible to define specific areas for technical-economic cooperation and assistance."

Concerning the Ministry of Transportation and Communications in particular, officials in the railway sector advised the Hungarian mission that ENFE will need material and equipment for use in operating that transportation system. This includes locomotives, freight and passenger cars, rails, metal structures for bridges, cranes, elevators, and so on.

Emphasis was placed on the need for Hungary to be able to participate, through its enterprises, in international public bidding for supplying the material and equipment needed to complete railway construction projects on the Cochabamba-Santa Cruz, Santa Cruz-Trinidad, and Motacusito-Puerto Busch lines.

In expressing thanks for the visit and for the intentions inspiring the Hungarian Government, Gerardo Jordan, under secretary of transportation, said that with a view to agreeing on future programs for cooperation and economic assistance with our country, the Ministry of Transportation and Communications would provide the Hungarian Embassy with a note listing the needs of the enterprises and organizations having an interest in establishing programs for trade and technical-economic cooperation.

Head of Mission

After listening carefully to the explanations provided by the Ministry of Transportation and Communications, the head of Hungary's mission and counselor to that country's embassy said first that the purpose of the visit to Bolivia was to offer cooperation and financing for the supplying of material and equipment on advantageous terms, inasmuch as that European country has in recent years demonstrated vast experience in the manufacture of heavy equipment, especially in the field of railways and other activities linked to transportation.

Miklos (spelling variation as published) Bayai summarized the offer as it concerns railways by saying that through its specialized enterprises, his country will be in a position to offer locomotives, freight and passenger cars, rails, and cranes as well as advice and training for Bolivian personnel.

He said that Hungary has gained vast experience in the field of railroads, since its equipment is currently operating in countries whose topography is similar to ours.

11798

CSO: 3010

BRIEFS

EGYPTIAN AMBASSADOR--Egyptian Ambassador Midhat Ibrahim Tawfiq presented his credentials to President Luis Garcia Meza today. [La Paz Radio Illimani Network in Spanish 1700 GMT 24 Feb 81 PY]

MALAYSIAN MINING MINISTER--Paul Leong, Malaysian minister of mining, will be returning to his country today after visiting Santa Cruz and meeting with Bolivian mining officials. [La Paz Radio Illimani Network in Spanish 1130 GMT 24 Feb 81 PY]

TECHNICIANS TO POLAND--The Bolivian Development Corporation has reported that 11 Bolivian technicians are being trained in a Polish glass factory. They were sent to Poland by the National Window Glass Factory to work in a factory with similar characteristics. They will return with 22 Polish technicians to run the Bolivian factory which will start operating next April. The factory costs about \$13 million and will produce 1,340,000 square meters of window glass for construction. It is expected that the factory will export glass worth \$4 million per year. [La Paz Radio Illimani Network in Spanish 1130 GMT 24 Feb 81 PY]

INFLATION--The technical division of the Bolivian Central Bank has reported that inflation went up by 49.31 percent in 1980. [La Paz PRESENCIA in Spanish 17 Feb 81 p 9 PY]

JAPANESE TRACTOR DONATION--The Japanese ambassador to Bolivia has delivered 20 Mitsubishi tractors to the Bolivian minister of peasant and agricultural affairs for the development of joint Japanese-Bolivian agricultural programs. [Buenos Aires TELAM in Spanish 2125 GMT 13 Feb 81 PY]

WOOD EXPORTS--La Paz, 17 Feb (TELAM)--Bolivia exported wood worth more than \$100 million over the past 11 years, the National Forestry Chamber has reported. Between 1969 and 1980, Bolivia exported 243,455,077 cubic feet of wood. [Buenos Aires TELAM in Spanish 1415 GMT 17 Feb 81 PY]

TERRITORIAL TROOPS SET UP IN OLGUIN PROVINCE

Havana VERDE OLIVO in Spanish 4 Jan 81 p 89

[Article by Jorge Luis Carlos Corina, and Rigoberto Sosa: "A Movement in the Revolutionary Armed Forces .

[Text] A full-scale movement to defray the costs of the Militia Forces of the Territorial Troops in the various units of the Revolutionary Armed Forces, in the various production, service, and education centers throughout the country.

This revolutionary and patriotic gesture, in which even the pioneers participate, achieved its highest expression through the initiative of the Border Brigade which donates one day's pay every month throughout 1981.

In keeping with this generous resolution, which was unanimously approved in the first trench against Yankee imperialism in America, many units are already resolutely supporting this drive through fighting meetings and massive efforts.

"Playa Giron" Air Guard Brigade

Capt Rolando Crespo read to the meeting participants the resolutions adopted by the members of the Border Brigade with relation to the Militia Units of the Territorial Troops.

Next, Capt Mario Miguel Enrique submitted for discussion the topic of supporting the document forwarded by the border guard personnel to Army Gen Raul Castro, as well as the message which the Air Brigade likewise sent to the minister of the FAR [Revolutionary Armed Forces]; the message was then approved unanimously after several supportive statements.

The participants in the meeting through slogans expressed their determined support for the creation of the Militia Units of the Territorial Troops and their readiness to raise their combat training level to that of the regular forces.

The meeting also approved the committee charged with collecting funds in the Brigade; the committee consists of six members and is chaired by Lt Col Luis Curbelo Gil.

In their message to the FAR minister, the commanders, officers, sergeants, and enlisted men expressed their most determined support for the pledges and resolutions of the Second Party Congress and to work to improve the Brigade's combat readiness and mobilization.

In his concluding remarks, Col Jose A. Lachiondo once again stated that this event expresses the degree of awareness achieved by the fightingmen in adopting the pledge to donate one day's pay each month in 1981 and the readiness to give their lives if necessary.

Pvt Joaquin Febi, a FAR vanguard member, read the pledges adopted by the unit that initiated socialist competition during this Year of Training.

Various officers, sergeants, and enlisted men spoke in the name of the members of Military Unit No 1973; they expressed total support for the proposals of the Border Brigade which were later on approved unanimously.

In summarizing the meeting, Brig Gen Nestor Lopez Cuba, member, Party Central Committee, said that "all the people and our Revolutionary Armed Forces, as an integral part of the nation, have begun a movement with the objective of achieving the in-house financing of the organization, equipment, and training of the Militia Forces of the Territorial Troops."

"Today," he added, "we pledged to give one day's pay each month, supporting the proposal made by the Border Brigade, the unit which initiated competition in the FAR."

Finally, Brig Gen Nestor Lopez Cuba read the letter which the personnel of that military unit sent to the FAR minister and the CG of the Eastern Army.

In one of its passages, the message states: "In a general meeting we unanimously agreed to approve the proposals made by the members of the glorious Border Brigade and to put in a day of productive work and to dedicate a portion of our off-duty time and leave to assist in the organization, equipment, and training of the Militia Units of the Territorial Troops so that they may in the shortest possible time achieve a high level of combat capability."

In a Unit of the Western Army

A moving ceremony was held by the unit initiating socialist competition in the Western Army in support of the pledges made by the members of the Eastern Army's Border Brigade.

The ceremony brought out the readiness of its commanders, officers, sergeants, and enlisted men to contribute also to the successful materialization of this gesture.

With their arms raised high, the members of that military unit unanimously approved the response letter which expresses their solidarity with the action of their comrades in arms; the document was read by Lt Col Medardo Rivero Diaz.

"In our FAR," it says in one of its paragraphs, "in the nation in arms, as Camilo would say, we have also decided resolutely to support this initiative and to participate in financing the costs deriving from the establishment and training of the Militia Units of the Territorial Troops which, together with the regular forces and the reservists, must constitute the great people's army of our revolution."

The ceremony was presided over by Brig Gen Joaquin Quinta Solas, Party Central Committee member and first deputy of the CG, Eastern Army. Likewise present were Lt Col Juan Luis Charon Duarte, alternate member, Central Committee, and deputy chief for political activities with that headquarters. The concluding remarks were delivered by Brig Gen Cesar Lara Roselio.

The speaker said that ceremonies, such as this one, are being held throughout the country; they bring out the determination of the entire people not to allow any enemy to win the slightest little victory on the country's soil.

"Comrades," he emphasized later, "the pledge we have taken today also implies a constant improvement in our combat and mobilization readiness and the strengthening of our combat and political training."

In the Ministry of the Revolutionary Armed Forces

The commanders, officers, NCOs, sergeants, and enlisted men of the directorates, independent sections, and units of the MINFAR [Ministry of the Revolutionary Armed Forces] and the General Staff met in a massive gathering held in the Ministry of the Revolutionary Armed Forces to express their unreserved support for the proposals of the Border Brigade.

A document ready by Col Pedro Gonzalez, directorate chief, expressed support for the statements of Commander-in-Chief Fidel Castro during the close of the second party congress and the pledges and resolutions approved on that occasion.

The document sent to the FAR minister also outlines the concern with systematically continuing to improve the combat readiness of the personnel of the FAR and emphasizes that, although there are limitations to be found among the fighting men in accomplishing production tasks, this effort will be stimulated so that it will be possible also to contribute to the financing of the Militia Units of the Territorial Troops.

The meeting was also addressed by Maj Victor Duquesne Cutting who said that the commanders, officers, NCOs, sergeants, enlisted men, and civilian workers of the MINFAR-EMG [General Staff] will continue to accomplish the tasks and missions assigned by the government, the party, and Commander-in-Chief Fidel Castro.

The ceremony ended with the approval of the document sent to Army Gen Raul Castro, FAR minister, containing the following statement in its conclusion:

"We are sending these pledges to you and, through you, to the directorate of the party and to Commander-in-Chief Fidel Castro Ruz, once again reaffirming the idea--as our party's first secretary said--that 'if they should dare invade our country, more Yankees are going to die here than died during World War II.'"

In Military Unit 2889

The fighting men of the 2889th Military Unit of the Revolutionary Navy, which initiated socialist competition in this service, for the current training cycle, met in a general assembly to support the initiative of the Border Brigade.

The meeting also reaffirmed total support for the statements of the Commander-in-Chief on 1 May, as approved by the Second Party Congress and received enthusiastically by the people on 20 December in Revolution Square, concerning the establishment of the Militia Units of the Territorial Troops.

It was also agreed to donate one day's pay each month throughout all of 1981 since the opportunities of the sailors of that military unit, when it comes to engaging in production tasks, are limited and since their direct responsibilities in the defense of the country do not permit them to participate in volunteer work days with the frequency that this is done by the workers.

The assembly was also addressed by Corv Lt Bruno Tremino Gonzalez and Frig Lt Jorge A. Savignon and by Seamen Iraldo Martinex and Roberto Gomez, as well as by PO Manuel Venzal, all of whom asked the unit's personnel to support the proposal of the Border Brigade. The suggestion of the fighting men was approved unanimously by all present.

In conclusion, Frig Lt Ernesto Acosta proposed that a telegram be sent to the FAR minister, expressing the fact that the unit is totally behind the proposals of the commanders, officers, NCOs, sergeants, and enlisted men of the Border Brigade, concerning financial and training support for the Militia Units of the Territorial Troops; the motion was approved.

5058

CSO: 3010

FAR UNITS AIDING MTT FUNDING WITH VOLUNTEER CONTRIBUTIONS

Havana VERDE OLIVO in Spanish 1 Feb 81 pp 52-53

[Article by Rene Aliva Espinosa: "The First of the Territorial Militia Units in Holguín"]

[Text] The first unit of territorial militia troops in the province of Holguín was organized during a ceremony held at the monument of the Six Columns in this eastern city.

The event was presided over by Miguel Cano Blanco, alternate member, Political Bureau, and first secretary of the party in the province, along with leaders of the mass organizations and the people's government, as well as commanders and officers from the FAR [Revolutionary Armed Forces].

After Res Lt Raul Lopez reported the unit all present and accounted for, Pvt Gabriel Milord read the military oath. Next, Pvt Pablo de la Cruz symbolically handed a rifle to Militiaman Osner Pupo. Both expressed the readiness of their comrades to defend, weapon in hand, the gains of the revolution and to safeguard the achievements of the socialist fatherland.

Company by company, the militiamen, represented by their commanders, took the oath.

The ceremony was closed out with remarks by Provincial Party Committee member Antonio Luis Marino.

The speaker talked about the propitious framework in which the ceremony was held, from the historical viewpoint, since it was taking place during the days when the Cuban people and especially the people of Holguín were paying homage to Liberation Army Gen Calixto Garcia.

In another part of his speech, he outlined the training and development process of the country's current armed forces, starting with the landing by the Yacht Granma.

In conclusion he urged everyone to be demanding and disciplined in the accomplishment of their duties and tasks which the new mission demands of each soldier and each militiaman.

After the end of the ceremony, Miguel Cano Blanco and other comrades from the head table talked to members of the first unit of Territorial Troops in Holguín.

5058

CSO: 3010

BRIEFS

RAILROAD MEETING--The struggle for the care and maintenance of equipment, for efficiency in the fulfillment of services and for reducing cancellations of departures of trains is the main task in the railroad sector, Commander of the Revolution Guillermo Garcia, member of the PCC Politburo and minister of transportation, has stated. The high Cuban official chaired the closing session of a meeting which examined the findings of a 13-day inspection tour of the eastern and central divisions of the railroad system with headquarters in Camaguey city. Guillermo Garcia also referred to the poor quality of attention to passengers, both in the sale of tickets and services aboard trains. He recalled that last year's cancellations of departures affected 20,000 passengers in Camaguey. The PCC Politburo member insisted on the need for a good operation of local administrations and added that in some instances a lack of initiative in solving problems has been noticed. Officials at all levels, he stated, must maintain the closest ties with the workers because they will always find in them a source of inexhaustible correct solutions. [FL171412 Havana Domestic Service in Spanish 1100 GMT 17 Feb 81]

CATTLE INDUSTRY MEETING--The battle for economic efficiency in the cattle industry will be won with awareness and the satisfactory results of the workers' efforts, PCC Secretariate member Julian Rizo Alvarez has stated in Havana. Rizo was speaking at the closing session of the first national meeting of the cattle industry's movement of model units. He said that this movement will contribute to step up emulation. [Text] [FL171412 Havana Domestic Service in Spanish 1200 GMT 17 Feb 81]

TERRITORIAL MILITIA CADRES--The graduation ceremony for the first chiefs, deputy chiefs and deputy chiefs for political work of units of territorial militias was held at the Maximo Gomez Revolutionary Armed Forces--FAR--military academy. The ceremony was chaired by PCC Politburo alternate members and FAR first deputy ministers division generals Abelardo Colome Ibara and Senen Casas Regueiro, other alternate members of the PCC Politburo, FAR chiefs and officers and the presidents of the people's governments of the 14 provinces and the special municipality of the Isle of Youth. During the ceremony the orders of promotion and graduation of the first students attending these courses of study in several military educational centers throughout the country were read. Second Lt Manual Lauredo Roman read the graduate's oath of allegiance and Orlando Lugo Fonte, alternate member of the PCC Central Committee and president of Pinar Del Rio's people's government provincial assembly, made the closing remarks. [FL201337 Havana Domestic Service in Spanish 1145 GMT 20 Feb 81]

MILIAN IN GRANMA--Arnaldo Milian Castro, member of the PCC Politburo and minister of agriculture, has conducted a tour of various municipalities of Granma Province where he visited areas planted with tobacco, rice and tubers. Milian urged the peasants to tend to the cultivation of tubers and rice with the same quality that he observed in the tobacco plantations. [FL201337 Havana Domestic Service in Spanish 1145 GMT 20 Feb 81]

MEXICAN STATE GOVERNOR'S VISIT--A Mexican delegation headed by Yucatan State Governor Francisco Luna Khan has visited the installations of the Valles de Picadura livestock breeding farm where it was received by Ramon Castro, member of the Havana City Provincial Party Committee. The Mexican delegation visited the installations and areas of the communities of Pena del Leon and Victoria de Vietnam in Ceiba Mocha accompanied by the director of the livestock breeding farm [Ramon Castro]. [Text] [FL231835 Havana Domestic Service in Spanish 1919 GMT 21 Feb 81]

CTC NATIONAL COUNCIL--The central organization of Cuban Trade Union [CTC] will hold its 42d National Council on 13-14 March at the CTC's Ernst Thaelmann Hall. The council meets twice a year. This is its first meeting in 1981. It will be attended by 139 members who will evaluate the work done in 1980 and approve guidelines for this year. They will also discuss the work plan for the celebration of 1 May. [FL231835 Havana Domestic Service in Spanish 1507 GMT 23 Feb 81]

CSO: 3010

PURCHASING POWER DECLINES 2 PERCENT PER MONTH

Mexico City EL DIA in Spanish 15 Dec 80 p 2

[Text] The worker's purchasing power has witnessed a drop of 2 percent a month because of inflation, a fact which "constantly widens the existing social gap" and places him at a disadvantage with a cost of living that he finds impossible to meet," Enrique Quintero, member of the Institute of Economic Research of the National Autonomous University of Mexico, has said.

The expert opined that the raise being sought for minimum wages to take effect in January 1981 "should exceed 35 percent."

He added that to establish the minimum wage level one will have to consider the inflation which has occurred during the year and that in the month of December 1980 as well as the impact which the increase in the price of milk has on it.

Enrique Quintero also noted that the market basket of staple items "used to determine wage ceilings is obsolete because it includes articles which the working class no longer consumes and because the price index for the consumer on whose basis levels of inflation are computed is not fine-tuned and tends to conceal the true rise in the cost of living."

The economic measures used to check the inflationary phenomenon "have demonstrated their inefficiency as well as evidenced the fact that setting wage ceilings does not solve the problem of inflation."

Finally, Enrique Quintero observed that the solution to restore in some form the workers' purchasing power is premised on applying strict price controls and on establishing a sliding wage scale subject to review every 3 or 6 months.

2662

CSO: 3010

FRUCTOSE, OTHER PRODUCTS POSSIBLE FROM Maguey

Mexico City EL SOL DE MEXICO in Spanish 23 Dec 80 pp 1-F, 4-F

[Text] Tecajete, Hidalgo (OEM)--Within 2 years the large-scale exploitation of Maguey cactus leaves will get under way to produce fructose that can partially replace sugar in the preparation of foods.

There is already an industrial plant being used on an experimental basis in Tecajete, Hidalgo.

The above was made public by Oscar Bravo Santos, director general of the Promotional Organization for Maguey and Prickly Pears at a meeting of this organization's board of directors chaired by Armando Alfaro Monroy, director general of legal matters for COPLAMAR [General Coordination of the National Plan of Underprivileged Zones and Marginal Groups] through the representation of its official, Ignacio Ovalle Fernandez.

"The idea," Bravo Santos noted, "is not to compete with sugar but rather for fructose to be a supplement to sugar in the food industry and eventually in the chemical-pharmaceutical field.

"However, to implement this project it will be necessary to secure the supply of maguey cactus leaves for the production of fructose," the official from the Promotional Organization for Maguey and Prickly Pears added.

Cooperative Employment Program To Encourage the Maguey and Prickly Pear Producing Areas

The official continued: "Fortunately, the STPS-SRH-COPLAMAR [Labor and Social Security Secretariat-Secretariat of Water Resources-COPLAMAR] Cooperative Training and Employment Program for the Development of Natural Resources in Marginal Areas is an answer to this need considering that just between 1980 and 1982 it will be necessary to reclaim 185,000 hectares of eroded land across the country through the planting of various types of crops, especially maguey.

"On securing a sufficient supply of maguey cactus leaves we need only worry about establishing the initial industrial plant for the production of fructose and achieving the availability of this product in the national market, which will beef up our sugar industry," Bravo Santos explained.

Paper From Maguey Cactus Leaves

On this same subject the official indicated that because only 25 percent of maguey cactus leaves can be used in the production of fructose the balance will be used to produce cellulose and consequently paper, a project whose feasibility study is about to be concluded at the University of Guadalajara.

Pest Control

Bravo Santos noted that to implement both projects and give them continuity it is necessary to control pests constantly considering that, for example, at this time 60 percent of the maguey cactus leaves of Oaxaca State are infected. He solicited the assistance of the directorate of plant health of the SARH [Secretariat of Agriculture and Water Resources] to solve this problem.

Edible Oil From Sunflower Seed [no further copy on this subject]

On another subject the director general of the Promotional Organization for Maguey and Prickly Pears advised that the organization which he heads has cultivated an additional 20 hectares for the same purpose.

"All these projects," the above official observed, "will benefit economically the inhabitants of the maguey and prickly pear growing regions of the states of Hidalgo, Tlaxcala, Mexico, and Queretaro which also enjoy already the benefits of the COMPLAMAR programs."

Some 160,000 Inhabitants Benefit From the COMPLAMAR Programs

"This means," he added, "that some 160,000 Mexicans from the most underprivileged areas of those entities receive medical services and medicines in 32 rural medical units of the IMSS-COPLAMAR [Mexican Social Security Institute-COPLAMAR] system free of charge when their community participation in productive and social activities entitles them to such benefits," Bravo Santos added.

To conclude, Bravo Santos noted that on the basis of the community work demanded of the population for medical attention in the rural medical units mentioned other important measures were taken in the maguey and prickly pear growing areas: the improvement of rural housing, the establishment of drinking water networks, roads, school buildings, stores and community supply outlets of the CONASUPO-COPLAMAR [Government Basic Commodities Company-COPLAMAR] system, and the initiation of the STPS-SARH-COPLAMAR Cooperative Training and Employment Program for the Development of Natural Resources in Marginal Areas.

2662

CSO: 3010

BRIEFS

MORE JAPANESE CREDITS--Tokyo, 27 Dec (AFP)--Japan has decided to expand its credit line to Mexico by some 150 billion Japanese yen (about \$7.4 million), Japan's most important economic publication, NIHON KEIZAI, disclosed here yesterday. According to the newspaper, the credits will be made up of a loan of \$142.8 million bearing low interest and \$572 million in loans from the Japanese Government import-export bank. The above will be the largest combination of credits approved for a foreign country by the Japanese Government on a single occasion in the past 6 years, the Japanese publication noted. It will make available to Mexico a credit line of more than 150 million [sic--read, billion] yen, which means that it will be able to use these credits to finance any project, the daily explained. The Japanese offer will be presented to Mexico's president Jose Lopez Portillo on the occasion of the visit to Mexico by Japan's minister of international trade and industry, Rokusuke Tanaka, in January 1981. Japan is expanding its trade relations with Mexico because of the latter's interest in increasing its [productive] oil reserves, NIHON KEIZAI observed. [Text] [Mexico City EL SOL DE MEXICO in Spanish 27 Dec 80 p 12-A] 2662

CSO: 3010

BRIEFS

TREASURY MINISTRY OFFICIALS--In a news conference yesterday afternoon, Treasury Minister Rogelio Fabrega Zarak announced the appointment of new department directors who will work with him in that ministry. He appointed Abdiel Julio, deputy minister; Rene Luciani, administrative director; Hugo Torrijos, consular and ships director; Lazaro Rodriguez, fiscal cadastre director; Esther Navarro de Kirkland, general director of purchases, and Rocco Zetka, ministry adviser. Meanwhile, it was reported that acting foreign minister Jorge Ritter will swear in deputy foreign minister Jose Maria Cabrera today. [PA151259 Panama City LA ESTRELLA DE PANAMA in Spanish 3 Feb 81 pp A-1, A-14 PA]

CS0: 3010

BRIEFS

LAINO, OFFICIALS MEET--The president of the Authentic Liberal Radical Party (PLRA), Domingo Laino, was in the office of Inspector General Faustino Benitez, chief of the public order department, for about an hour yesterday in response to an invitation to meet with the chief of police, Gen Alcibiades Brites Borges, and Interior Minister Sabino Augusto Montanaro. Laino said at the end of the meeting that they discussed the political situation in the country, but he declined to make any further statement and said he will do so only after consulting with the members of the PLRA political committee and the national agreement. He said: "After I inform my fellow party members, we will disclose what was discussed at the meeting." Laino's wife reported that about 0730 yesterday morning a uniformed policeman came to their house and handed Laino a note stating that at 1000 he was to appear at the police public order department. [Excerpt] [PY201456 Asuncion HOY in Spanish 20 Feb 81 p 12]

CSO: 3010

EX-TRIS MEMBER ANALYZES CHANGES SINCE INDEPENDENCE

Many Changes Seen

Amsterdam ELSEVIERS WEEKBLAD in Dutch 3 Jan 81 pp 34-36

[Article by Rene de Bok: "Suriname--From Banana Republic to Democracy"]

[Text] Visiting Suriname again jolts Rene de Bok, the former drafted TRIS (Troops in Suriname) corporal, at present correspondent for ELSEVIERS MAGAZINE. Fifteen years ago in the closing years of the colonial era he spent 18 months in the Suriname of Jopie Pengel. He is trying to recapture his past experiences there in the shadow of the military government of the second independent republic.

Waves of vague and undigested memories revolve in my head when I arrive on the eve of the second Sunday of December at the Zanderij International Airport. It is hot and muggy, a world away from the ice and snow 10 hours ago in Amsterdam. Zanderij is no longer what it used to be 15 years ago. The air conditioned KLM building at Zanderij was to the foot soldiers of the Zanderij military camp an oasis in an exhausting existence. Life in those sandy boondocks had very few high points. In the savannah, the volunteers for Suriname went through their basic training for the tropics, a complete package of privations: guerilla training, survival training in tropical rain forests in the dry season as well as the wet monsoon, a rigid program of military discipline.

During the sixties several hundred Surinamese volunteers joined the TRIS. I wonder what became of them. I vividly remember a small aggressive Hindustan fellow, his name was Roepan. An obstinate little man, a troublemaker who had talked himself into hating the house of Orange. Within 2 days I had decided to call him Kroepoek [shrimp puff]. He hated it. I am now worrying at Zanderij what to do if this little fellow Roepan has reached a high rank in the Surinamese army on the basis of his anti-Dutch sentiments. In the TRIS he would have been doomed to remain a small potato all through his military career, with a promotion to private first class at retirement. However, who knows; he may have had many promotions under the new order: is he now a major or lieutenant colonel? In that case my stay in Suriname will be short-lived. The evening busride from Zanderij to Paramaribo leads from one *deja vu* to the next, the Marienburg sugar plantation with its rum distillery, high on the list of excursions of military personnel, the houses along the route with their colorful lights, or the scents coming in

waves from the dishes which are being prepared at this hour: mokai alesie, rotie, kwie-kwie, peppers, curry; and the sounds of birds, the metallic resonance of the gong bird, it makes me feel right at home.

After 15 years, Paramaribo is almost unrecognizable in the evening. It looks much bigger than I can remember. The neighborhoods on the outskirts are well designed, they all look very much alike, just as in Jakarta. Hotel Torarica is for the time being the destination of the first part of my journey. It is a reliable address for tourists and businessmen, it is very comfortable. In addition, Torarica plays the role of Suriname's gossip and conspiracy corner. While enjoying a Bacardi-Cola, people discuss Surinamese politics, pawns in Suriname's power game gather at the bar to discuss with conspiratorial voices the latest news on the strategy of the army command. In these conspiracies in and around Torarica not a soul can be trusted.

The behavior of the members of the permanent team of lobby visitors is remarkably uniform: all profess to know literally everything about Surinamese inner kitchen policies; after two drinks they all declare with expressions of born embezzlers that they belong to Prince Bernhard's circle of steady friends. They become very indignant if one takes the liberty of adding a small question mark to their statements. Such embarrassment quickly vanishes if they are treated to another drink to reassure them.

My program tells me that during the first days of my stay I will visit Brownsveg, a village on the shore of big Lake Blommestein which supplies the energy for the Brokopondo power station.

The first 50 kilometers of asphalt road do not take up much time but then comes a stretch with a coarser surface, a layer of bauxite waste, much too loosely strewn over a bumpy surface.

When we see the outlines of the steel skeletons of the Suralco plant, I realize that the exploitation of the rich bauxite fields benefited the Surinamese community only slightly. A couple of villages far from everything, a small railroad, feeder roads, that is all Suriname has to show for. The same applies to the forest industry, the oil palm industry, and the citrus and banana plantations partially owned by the United Fruit Co.

Former Dutch prominence in these lucrative endeavors has been taken over by Americans. Brownsveg is a modest place where colored families lead a spartan existence. Persons living in this area have little reason to admire the Netherlands. The creation of Lake Blommestein as a reservoir for the Brokopondo power station is a classical example of a deplorable failure. This reservoir was expected to become an important part of Surinamese energy production. However, what appeared to be so attractive on paper actually became a bitter joke. Thousands of coloreds had to move from the area which was to be submerged, plant and animal life were cruelly upset, and what was the result: energy production far below expectations.

It also does not feel strange anymore to meet people who do not want to use the name Blommestein. It is locally called Lake Afobaka. Blommestein has been added to the list of forgotten persons of importance. The lake is still as desolate as 15 years ago. Because of its low water level it is covered with tree trunks sticking out above the surface of the water like totes poles.

During my years as a draftee, the local folks were not entirely happy with the presence of military personnel from the Netherlands. When on top of it all, we had the arrogance to win a soccer match against a local combination with 17 goals to 3 (I myself put the ball into the already defective net of the enemy 9 times) our goodwill disappeared almost completely. This grudge was discharged several Saturday evenings through spontaneous rioting. Under the influence of alcoholic beverages, a small but plucky group of coloreds started out for the military camp, situated high on a hill, where we were wasting our time away in sullen idleness. When the commander of the guard heard the guerilla fighters come, he did not take the trouble to sound the alarm. He discharged his rifle a couple of times in the air causing the rebellious crowd to run as fast as possible down the hill and barricade themselves in their houses.

This spectacle grew into a beautiful tradition without any excesses on either side.

In and around Brownsweeg, I found with some feelings of regret that civilization had really done its work in those 15 years. In the sixties the colored women walked around naked above the waist without any inhibition, in 1980 the scene was exclusively dominated by playtex cross-your-heart. The sullen anti-Orange mood was also hardly noticeable anymore.

The same thing occurred in Paramaribo. I still remember from 1965 the hardly disguised animosity against the Dutch. Small cars with loudspeakers flitted through the streets of Paramaribo and brought the first anti-Dutch slogans: "Bakra, go home." I heard it often. Dutch soldiers were called Jantjes [Johnnies] and "Jantje go home" was a constant slogan heard every day except in neighborhoods where prostitutes were ensconced. I admit that the Bakras often deserved it. Not so much the lowly draftees but certainly the higher ranking military officers who moved around in the Surinamese society with a colonialist attitude. They had their own private clubs and their mentality could not possibly have left a favorable impression on the Surinamese.

In those days, Suriname was also a waystation for former KNIL [Royal Netherlands Indies Army] military personnel who could not get on well in the Netherlands and found something of the feudal relationship they had left behind in the East Indies back in the tropics of Suriname. Their mentality was in tune with the state of mind of Dutchmen who encountered in Suriname a turn-of-the-century power structure, during the sixties completely eradicated in the Netherlands. Dutchmen with high-ranking positions in Suriname surrounded themselves with a splendor and a way of life completely extinct in Western Europe: servants, kitchen help to be rewarded or fired at will; they were particular in choosing acquaintances; they did not allow their children to play with children of colored races; owned second homes; and were members of clubs with decadent colonialist tastes.

I was therefore not surprised that a mood of "bakra go home" emerged in Suriname. At the same time, a feeling of self-esteem, identity, and nationality emerged. The appearance of Surinamese volunteers in the TRIS was to me the precursor of a new independence where Suriname would do the honors. At the time still the monopoly of the Dutch was in vogue.

In those days, I had little confidence in the future military leadership because of their attitude with the appearance of independence while totally dependent on foreign

nations was destined to lead the poor existence of a banana republic. The way in which the Dutch military leaders treated the Surinamese volunteers did not appear to me the ideal method of preparing inexperienced persons for a responsible task.

During basic training in Suriname a company was sent to the O? savannahs for a big training exercise. When the 3-ton trucks arrived in the neighborhood of the military reservation, a Dutch sergeant with many years of tropical service in Suriname told the following anecdote while drawing his men's attention to a large wooden cross. "This cross has a history. On this spot a lieutenant demonstrated once the special characteristics of an antitank mine. He told his soldiers that such a mine explodes only when placed under fairly heavy pressure; one could therefore walk on it, even jump on it. He did as he said and with him five of Her Majesty's soldiers blew up."

The Dutch soldiers listened to this story matter-of-factly, the Surinamese volunteers were frightened. The result was that there were often dangerous situations during training exercises; several times I heard real bullets whistle past my head at distances of only a few dozen centimeters. When I looked around I saw the desperate faces of Surinamese volunteers who had strayed in their confusion and instead of killing the enemy they were killing their own troops. It was also very unpleasant that live ammunition was given to some volunteers whose mentality had not yet matured. When they were having an argument, a frequent occurrence between Hindus and Creoles, they threatened one another with loaded weapons. To me civil war did not seem improbable when Suriname were on its own.

With these experiences in mind, I studied the quality and actions of today's Surinamese army. I must confess that my gloomy misgivings disappeared rather quickly. Through conversations with key figures of Suriname's political lobby, private enterprise, or ordinary citizens and also on the basis of my own observations I found that the revolution of the sergeants has not led to a harsh and repressive government. In spite of discontent with the results of the revolution, mainly because the expected improvement in prosperity did not materialize, most of the people of Suriname support their leaders, the government of Chin A Sen, as well as the military leaders, commander-in-chief Bouterse in particular.

Anybody who thinks that the Surinamese are meek and patient underestimates their desire for freedom, and, after so many years of tutelage, their desire for deliverance from all those leaders who professed to have their best interests at heart, but stuffed only their own pockets. I expected that the growing feelings of self-esteem would escalate feelings of animosity toward the Netherlands. Fifteen years ago, a growing feeling of self-esteem was noticeable; a movement was started to replace the Dutch language by pidgin English called takki-takki. Today not much of this movement is left. Paramaribo is an almost Dutch city with a whiff of the cultural trappings of the Netherlands at the end of the fifties.

At Pablo's shop for office and school supplies on Grave St, I buy a copy of ELSEVIER'S WEEKBLAD of 27 September 1980. It costs 3 guilders and comes beautifully wrapped. A few houses down the street some people are waiting in line at a stall which sells hot bloodwurst. Located diagonally across the street the U.S. Kentucky Fried Chicken Co has set up shop. However, while in the Netherlands McDonald's and Wimpy's advertise in an American style, the fried chicken on Grave St in Paramaribo still comes in the old-fashioned Dutch way: "Delicious, freshly plucked chicken."

Although the goodwill of the Dutch Suriname is experiencing a second youth, it is still clear that the Americans have taken over from the Dutch. In the restaurant of the Torarica that change of position manifests itself in what an American braggart says to the waiter: "I would like a fine blond Dutch girl..." The waiter gloomily shakes his head. The American says then: "In that case, I will have some English mustard...."

The Dutch are perhaps not able to effectively handle this goodwill because there is something wrong with their approach. The former minister of the Development Cooperation, Jan Pronk, was too lenient in his handling of Suriname. He did not ask for any accounting, and he did not meticulously check if the funds for Suriname were used for the intended goals. The present minister of Development Cooperation is just the opposite. Where Pronk would have been too lenient, De Koning is tough. During his last visit, this created an unfriendly atmosphere for discussions. Suriname's Prime Minister Chin A Sen wanted to see him about inflation-protected Dutch development contributions. De Koning replied that he had no mandate. Chin A Sen then asked if the subject could be discussed unofficially in a private conversation. De Koning announced matter of factly that he had no time. Chin A Sen was then no longer inclined to continue the discussions.

Suriname needs Dutch support badly, but not arrogance or criticism for criticism's sake. Because only with positive Dutch support can Suriname fight to reach a higher level, from banana republic to democracy.

Heritage of Previous Regimes

Amsterdam ELSEVIERS MAGAZINE in Dutch 20 Dec 80 pp 36-39

[Article by Rene de Bok]

[Text] Strong man Desi Bouterse says: "I am no Idi Amin."

Ten months after the lightning-swift emergence of Suriname's Second Republic prophets of doom are already describing the destruction of the constitutional state and the establishment of a ruthless military dictatorship. Provided one avoids arrogant colonial after-care, a series of positive developments can easily be discerned in today's Suriname. One should avoid the use of a Dutch tape measure, the famous dose of Dutch peddliness, and the tough negativism which has become our trademark. It also requires a minimum amount of faith in the democratic feelings of the men who ended the chaos and the unbridled corruption of the Arron government. ELSEVIERS

THESE REPORTS

Paramaribo, Tuesday--In the lazy heat which torments Paramaribo in the month of August, the Surinamese navy in its new burns on like a perky little pilot. The presidential palace glows and at a distance of 50 Pengel's statue gives proof of the endurance of enigmatic leadership: Wilf Pengel, Prime Minister from 1963 to 1969, dedicated by the people. Jopie was the man whose body size explained--according to a joke of

the sixties--why the average Surinamese was so skinny. But he is still standing there. He survived the revolution. The streets look rather peaceful. The small number of soldiers patrolling the streets of Paramaribo is insignificant as compared to the colorful crowd of ethnic groups which make up Surinamese society. As compared to the militaristic display in countries as Argentina, Bolivia, or Uruguay, Suriname looks like Disney World. The only proof of the revolution of 25 February can be seen on the Waterkant (Water Front); the ruins of the former police headquarters demonstrate that, if so required, the leaders can take effective action.

But, behind the exterior appearance of peace, unrest is growing; it is caused by the radical course of the military leaders. In this atmosphere the leadership is threatened by an acute persecution complex. After the "rightist" coup by Ormskerk, the leaders' peace of mind remains vulnerable. The exposure of leftist counterrevolutionaries like Mijns, Sital, and Joeman reveals the brittle solidarity within the military command. The basis of confidence appears to be afflicted by strong forces of erosion. It is very unfortunate that such internal bickering overshadows a list of positive tendencies found in Suriname at present. A positive point is the drive of the Chin A Sen government in stimulating economic activities. In Paramaribo many building projects were started which--and this is somewhat new--are being completed. Under the Arron government, it was not unusual to stop a building project half way, after a not inconsiderable amount of the guilders from the fund of development cooperation had disappeared in the pockets of high-ranking civil servants.

In Paramaribo it is remarkable that the legion of about 30,000 civil servants has gone to work with expedience. Old estimates put the number of working hours of a Surinamese civil servant at 3 per week. Somebody walking around in the afternoon in the neighborhood of the ministries would have been confronted by a curious spectacle: on every floor government workers were sticking their heads out of the windows; everybody talked at the same time. If one called a ministry, the telephone would remain unanswered; and if one went there one would find row upon row of unattended desks. This is no longer so under the new order in Suriname. Nobody is hanging out of the windows; civil servants can be reached and are cooperative with a few incorrigible exceptions. The message the new leaders had in store for the civil service left little room for misinterpretation: it was to be rebuilt to great efficiency, unavoidably leading to the departure of many unproductive elements.

The positive effects of the new order can be seen not only in Paramaribo, the results are also noticeable outside the capital, especially in the agricultural areas of West Suriname and Nickerie where the cultivation of rice will reach record harvests of 100,000 tons per annum. The citrus harvest and palm-oil production show similarly improving statistics. The mobilization of the base by establishing people's committees is developing more favorably than skeptical people had anticipated. The combined list of positive developments should give the leaders of the Surinamese revolution more confidence for the future. However, the opposite is true. As the first birthday of the "intervention" as the military call the coup, is drawing nearer, confidence in their own power is waning. Important is here the Dutch attitude to which the Surinamese have become more and more sensitive. After Dutch media reporting had originally shown a critical but reasonably constructive attitude toward the results of the Surinamese revolution, the last few months have seen a distinct change of direction toward rejection of the Surinamese experiment. The leader is here Rob Heukels of DE VOLKSKRANT [The People's Journal]: the

Surinamese authorities were so turned off by his stories that they detained him and made him choose between immediate departure from the country or waiting in Suriname for the result of an investigation of his news stories. Heuskes chose the first option and took off for the Netherlands where he concocted a tendentious story about Suriname's road to military dictatorship. An earlier publication in DE TELEGRAAF which did not express too high an opinion of the level of the sergeants of the Surinamese revolution, and a KRO [Catholic Broadcasting Association] contribution to the program Brandpunt [Focus] also critical of the present leaders, greatly irritated the military leaders and the members of the Chin A Sen cabinet.

I found the authorities in the above-described mood last week when I tried to interview several leaders on the latest developments. Tjark Petzoldt, head of the National Information Service, let me know right away that all efforts to interview Prime Minister Chin A Sen and commander-in-chief Desi Bouterse would be futile. "The relationship is seriously disturbed. It will take a lot of effort to make it healthy again." However, Mr Petzoldt does not appear to represent the gospel of the National Information Service. In the Independence Hotel, which was built next door to the renowned Torarica Hotel but turned out to be a commercial failure, a temporary institute has been established which engages itself more and more in information and propaganda activities, it is the NCR, the National Council of Communications. Its spokesman is Sgt Denny Zinhagel, who is also in charge of censorship. As a confidant of the commander in chief and strong man of Suriname, Maj Desi Bouterse, Sergeant Zinhagel turns the function of Information Officer Petzoldt into a sham institute. Zinhagel promises to do his best to arrange an interview with Major Bouterse. If he also does not succeed in demolishing the wall of distrust around the military leaders in the coming days we will have irrefutable proof of the severed relationship between the Surinamese authorities and the Dutch media. A private visit to Bouterse's house together with my colleague Kalman of the AMERFOORTSE COURANT follows the same pattern. A few military men who played important parts in the February coup are now living in the historical dwellings around the old Fort Zeelandia, only 100 meters from the erstwhile residence of the governor, now the presidential palace. After President Ferrier's departure, Chin A Sen moved in. Chin A Sen leads his precarious existence as prime minister in the shadow of the private quarters of the military authorities.

In the morning of Saturday, 13 December, the evasive actions of the Surinamese government in answering the Dutch press are getting on my nerves and the only solution seems to be a direct visit to Bouterse's house. Captain Horb, commander of the garrison and Bouterse's across-the-street neighbor, is celebrating his birthday. Military persons, Uzi submachine guns loosely over their shoulders, are gathering in front of his house. A soldier steps up to us when we arrive at the house. At our request he rings the doorbell. Half a minute later an athletically built person steps outside, naked from the waist up, with a silver necklace: Major Bouterse, at present the most powerful man in Suriname. He answers us in a friendly manner. His attitude shows that he has given up on Dutch journalism: "You do not have to be in favor of us. We are not crazy. We realize full well that the changes are not without their difficulties. It is good to report critically. I have had five to six blows on my head. It is said that I arrest virtually everybody, that the military are afraid and patrol Paramaribo all day long in armored cars. I am no Idi Amin."

Bouterse leans relaxed on the balustrade of the veranda. A scene out of character with the military dictatorship foreseen by the prophets of doom. Bouterse: "The people are expecting a lot, at this point in time, perhaps too much. We did more in this 1 year than has been done in the preceeding 30 years. Of course, not everything can be done at once. It is also only natural that things happen which are not so good. I do not blame you for reporting them. However, I do expect an honest picture. When Dutch journalists write about dictatorship in Suriname they are not being honest." In parting he said: "Next week when I read your reports I hope that I will not have to say: Are those the people with whom I had such a nice conversation?" Later in the day, Bouterse joins the festive crowd around the celebrating Captain Horb. At times he looks a little tired; the tensions of the past weeks can sometimes clearly be seen on Desi Bouterse's face. His anxiety is not at all unfounded. There is one irrefutable fact: the Surinamese leaders cannot hide their numerous problems. Domestically the increasing inflation rate threatens to upset all lofty plans. Success and failure are not only dependent on the qualities and achievements of planners and executers but also on international economic curves, especially because the fate of the Surinamese guilder is linked to the development of the rate of the dollar. In our conversation with the Minister of Economic Affairs Albert van Dijk, the problems are discussed in detail; diminishing purchasing power, tax increases, increasing dependence on foreign resources. The result of these internal problems is growing dissatisfaction among the Surinamese population leading to a wave of emigration which chases the last Surinamese who expressed solidarity out of the country. A frightening picture the Surinamese government tries to turn back the best it can. Since visa requirements are making one-way travel to the promised land, the Netherlands, difficult, the peak of this emigration wave has passed. But the government is still unsuccessful in making its own people believe in the perspective of a healthier economy. The result is that many are longing for the near past when the Surinamese guilder was harder than today. A section of the Surinamese population is unwilling to understand that the problems confronting Suriname today were created by previous Surinamese governments. Without any culpability of its own, the Surinamese government of 1980 is now harvesting the bitter fruits of the chaos and unfettered corruption of the Arron government.

It is so aggravating that the majority of the Surinamese people are not well known for their political awareness. Many ordinary citizens who complain about the good old days under Arron or even Jopie Pengel have no idea of the causes of the present problems. The number of older folks longing for a restoration of the Dutch colonial government is also not inconsiderable. Completely devoid of understanding of the political realities are people who tell you in all sincerity: "We should rejoin the Kingdom of the Netherlands." Touching was the statement of a middle-aged woman who said without beating about the bush: "Beatrix should take Suriname back." And she indicated that this was not her personal opinion but that the whole street agreed. This type of statement is for Harry Dilrosun, one of the old members of the NPS inner circle, reason to point an accusing finger at the Netherlands: "The Netherlands is also guilty of this lack of political understanding of the Surinamese people. The Netherlands badly neglected its task of educating us to become democratic citizens. It was, therefore, a political crime to let the Arron government proclaim Suriname's independence. We did not fight for our independence, it was put in our hands like a poisonous fruit. Thus I was sincerely happy when the sergeants took care of the corrupt Arron government. The Dutch are crying to the high heavens that the Surinamese are in danger. Let me tell you: I believe that corruption cannot be fought hard enough. People who are now complaining so loudly,

are only pleading for the reinstatement of the old order. Do not tell us what should be done about these abuses. If it is my shoe, I know where it hurts me."

Nevertheless there are more dangers for Surinamese society than the fight against the old order. Some developments are seriously threatening a phased return to a democratic form of government. Censorship is one of the signs on the wall. In recent weeks Leo Mopurgo was put under pressure, he is editor-in-chief of the daily newspaper DE WARE TIJD [The True Time], with 23,000 subscribers by far the biggest of Suriname's papers. Because DE WARE TIJD, contrary to the daily paper DE WEST which is faithful to the government, demands complete freedom to say what it wants in its critical assessments of government policies, the army leadership is alluding to the possibility of prohibiting its publication. Based on the rule that only articles about the government, military affairs, and the labor unions have to be submitted for approval to censor Zinhagel, DE WARE TIJD gives unlimited coverage of the latest controversial legal processes in Paramaribo. The defense of those accused of the leftist counter coup received extensive coverage in DE WARE TIJD. In his commentary, Mopurgo subjected the Surinamese administration of justice to unrestrained criticism. It did not earn him much gratitude. I asked censor Zinhagel about the motives for such tough censorship of the Surinamese press. Zinhagel: "Do not exaggerate. No publications have been stopped, no journalist is under arrest and if you read the local newspapers you will find out that critical remarks do not bother us. However, there are limits to our moderation. It is very important to keep in mind that the Surinamese situation can never be judged by Dutch standards. In the Netherlands, you are able to formulate and motivate critical judgments on social developments and remarks on government policies. As a newspaper reader you are able to evaluate the background of certain articles. A Surinamese cannot do that. I am sorry to say it, but after so many years of Dutch guidance a Surinamese citizen is not able to judge the true meaning of newspaper articles. This creates the risk that counterrevolutionary demagogues are getting the chance to abuse the press to manipulate the people. Things that can be allowed in the Netherlands can, therefore, not be tolerated here."

"Our objections against the negativism and tendentious information in the Dutch press are closely related to the fact that you are the most important source of information for Surinamese in the Netherlands. It affects the mood of the Dutch Surinamese and that can be very dangerous for the situation here. Therefore, we closely follow the Dutch news on Suriname and we are very sensitive about the incorrect image the Dutch media are creating."

On Thursday afternoon, 11 December, I have an opportunity to see for myself how justice is dispensed in Suriname. The court sessions in the case against the defendants of the leftist counter coup were open to the public and today there is great public interest in the sentencing. A crowd of about 100 persons has gathered outside the courthouse on the Grote Combeweg. The entrance to the building is cordoned off on the corner of Grave St. Access is only allowed to persons who have to be there of necessity. A large contingent of military police recruits arrives many hours before the start of the session to enrich their judicial knowledge. When the doors are opened the recruits enter first. After they have all found seats, there is hardly any room left for the citizens who waited for hours for a seat in the public gallery. Many citizens have to stay outside the courtroom, they are disappointed and angry. It is an unnecessary and brutal method of intimidation, apparently with no purpose other than a show of force. It is a drawback of the

Surinamese regime, so vulnerable to internal tensions and discord. A superficial observer would perceive this incident as a symptom of a constitutional state gone haywire. But things are not that simple in Suriname. DE VRIJE STEM comments a day later: "The public gallery was mainly occupied by military police who made it impossible for many citizens, especially young sympathizers with the defendants to witness the sentencing." DE WARE TIJD quoted a reaction of Badressein Sital who was convicted to 2 years' imprisonment: "This is not justice. It is power. Today justice was buried."

In their critical commentaries, the Surinamese newspapers support the thesis that the label of a Latin American type military dictatorship can under no circumstance be applied to the daily routine in Suriname. In spite of the drawbacks of the Second Republic.

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